Attachment A.PSB:EN-27.12

Entergy Corporation Reorganization

PSC Case No. 08-E-077

Information Request

Requesting Party and Question Number: ALJ, Question 4 and Question 5

Request Date: November 24, 2009

Information Requested of: Petitioners

Reply Date: November 28, 2009

Responsible Witness and Title: Dean Keller, Executive Vice President and CFO Designate, Enexus Energy Corporation

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Question 4: Provide a side-by-side analysis of Entergy compared to Enexus under Scenario 11 including the financial ratios used by the rating agencies (FFO Interest Coverage, FFO to Total Debt, Total Debt to EBITDA and Total Debt to Capital), a summary of available liquidity resources as well as the calculation of Entergy's 65% debt covenant test for each year of the model. Describe the implications of the results and provide all workpapers, assumptions and calculations.

Question 5: Provide the same analysis in question 4 updated to reflect current market prices for electricity and Entergy/Enexus latest forecast of such prices in the future. Describe the basis for the price forecast.

Questions #4 and #5

Stress Scenario Analysis

November 2009

INTRODUCTION

The purpose of this memorandum is to respond to questions #4 and #5 and to provide supplemental requested information to support Petitioners' conclusion that Enexus' capabilities will be at least as good as Entergy's capabilities under current and future circumstances.

In addition to previously supplied information for Enexus, the memorandum provides scenario analyses for Entergy and compares Entergy's and Enexus' financial capabilities to meet the New York Facilities' needs.

SUMMARY CONCLUSIONS

- Entergy and Enexus are both able to operate the New York Facilities under their own free cash flow, liquidity facilities and cash on hand (without the need for new external financing other than bank facility refinancings) under extremely challenging and stressful conditions.

- Importantly, to appropriately compare Entergy to Enexus under a complete set of reasonably probable circumstances, Petitioners have also presented a scenario in which Entergy is confronted with a hurricane concurrent with Trial Staff's extreme case stress scenario. *****BEGIN INFORMATION CLAIMED EXEMPT***** [redacted] *****END INFORMATION CLAIMED EXEMPT*****

- In addition, unlike Enexus, Entergy faces other meaningful constraints and risks not captured in the financial forecasts that could prevent it from providing the financial support needed by the New York Facilities in stress circumstances. These constraints include, but are not limited to, prohibitions on cross-subsidization of non-utility operations, the substantial current and future capital needs of Entergy's regulated utility subsidiaries, credit rating risk, fiduciary obligations and potential future storm restoration costs. As further described and highlighted in Appendix 2, a number of regulatory settlement agreements expressly impose restrictions on Entergy's ability to allocate financial resources to the New York Facilities. Such restrictions exist whether or not stress scenarios as defined by Staff materialize and are of significant concern in the current and future environment of rising capital demands of the Entergy utilities.

I. Financial Forecast Scenario Analysis

STRESS SCENARIOS OVERVIEW

Three stress scenarios involving a combination of adverse conditions have been analyzed and are described below:

A. *Unforeseen extreme event over 4 years and lower power prices (Extreme Stress Scenario)* – this scenario assumes that power prices are 20% lower than in the base case through the 4 year forecasted period, combined with an assumption of $800 million of additional capital expenditures over the 4 year forecast period. Note that no consideration is given regarding the economic viability of such capital investments.

B. *Extreme Stress Scenario plus additional Entergy hurricane stress.* Concurrent with the Unforeseen extreme event described above in A, this scenario assumes Entergy's Gulf Coast utilities are subjected to major storm restoration costs in year 2011

C. *Unforeseen extreme event over 4 years and current market prices (Extreme Event with Current Market Prices)*- this scenario assumes current market prices through the 4 year forecast period, combined with an assumption of $800 million of additional capital expenditures over the 4 year forecasted period. Note that no consideration is given regarding the economic viability of such capital investments.

BASE CASE SCENARIO RESULTS

The following represents a comparison of Enexus and Entergy base cash financial projections. The comparison is based on two key measures.

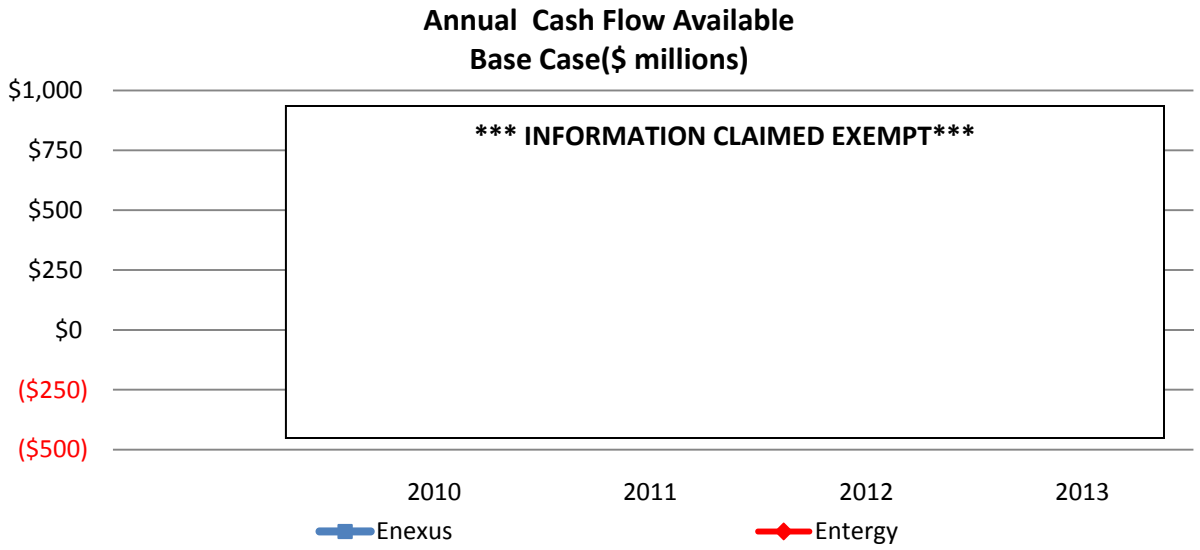
1. Cash Flow Available[1] — here defined as GAAP Operating Cash Flow (which includes net income, non-cash items in income, and working capital impacts) less GAAP Investing Cash Flow (which includes capital spending, fuel purchases and reinvestment of decommissioning fund earnings) less dividend payments. This measure is useful for assessing the cash generated (or used) by the enterprise in a particular period.

2. Available Liquidity — here defined as unrestricted cash on the balance sheet, available capacity under corporate bank facilities and, in the case of Enexus only, available secured borrowing authority.[2] This is the available liquidity and secured borrowing authority remaining at the end of the year.

The Base Case Cash Flow Available comparison below shows the Cash Flow Available of Enexus and the Cash Available of Entergy *as a consolidated entity including its utility operations*.

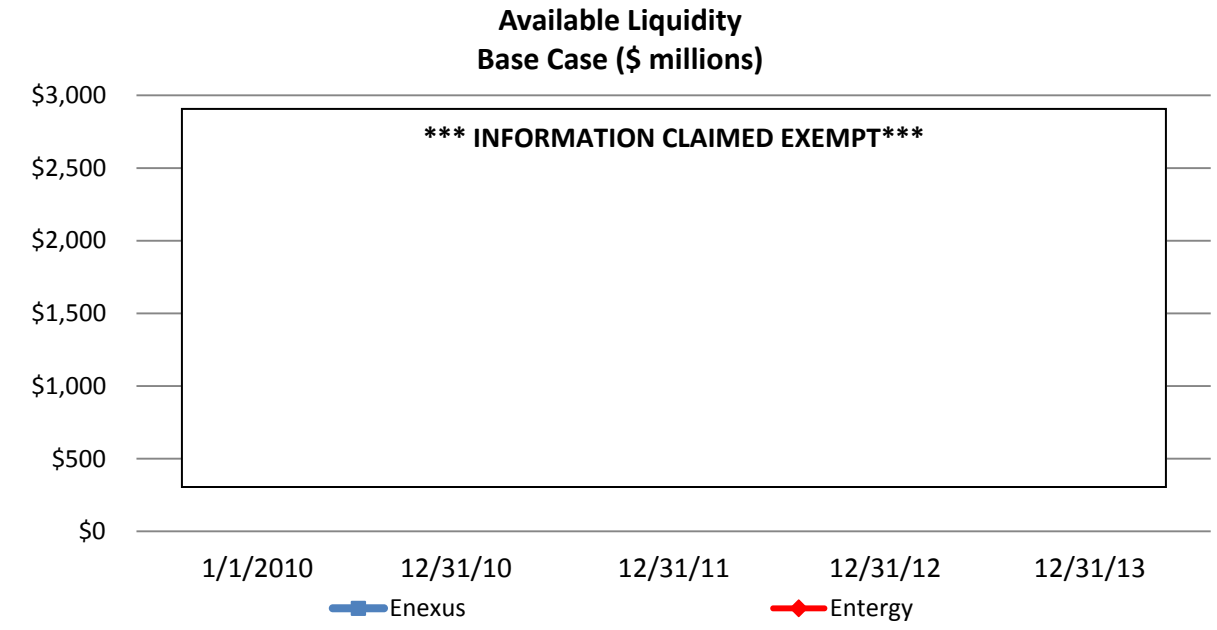
The comparison shows that Enexus will have positive Cash Flow Available in all years of the forecast period. Entergy's Cash Flow Available will be positive on average, *****BEGIN INFORMATION CLAIMED EXEMPT***** [redacted] *****END INFORMATION CLAIMED EXEMPT*****

[1] This measure was referred to as Free Cash Flow in previous scenarios analyses submitted to Staff.
[2] Additional secured borrowing authority of the Entergy utilities is not available for Entergy Corporation to support the New York Facilities.



The Base Case Available Liquidity comparison is shown below. Entergy's available liquidity and secured borrowing authority does not include the additional secured borrowing authority of the Entergy utilities operating companies because it is not available to be used to support the non-utility nuclear business.

The comparison shows that both Enexus and Entergy will maintain ample amounts of liquidity with which to operate the New York Facilities in all years of the forecast period although Enexus will have greater amounts of liquidity and secured borrowing authority in most years of that period.



EXTREME STRESS SCENARIO RESULTS

Under the Extreme Stress Scenario (Scenario 11), without giving consideration to the economics of the scenario (i.e., whether the investment is cost justified taking into account the cost of capital) both Entergy and Enexus "metrics", while deteriorating, do not exhibit undue financial distress.

It should be noted, however, that the type of scenario where substantial additional investment in the non-utility nuclear business is required could have adverse credit rating implications for Entergy. The potential adverse impact on the credit ratings of a utility like Entergy that owns both regulated retail operations and non-utility nuclear operations was cited recently by the Maryland Public Service Commission in an order requiring Constellation Energy Group, Inc. ("CEG") to implement stringent ring fencing measures to protect Baltimore Gas & Electric Company ("BGE") , its regulated retail subsidiary, in connection with CEG's sale of half of its non-utility nuclear business, Constellation Energy Nuclear Group, LLC ("CENG") to Électricité de France.[3] The Maryland Commission found the companies' increasing commitment to the non-utility nuclear business created new risks for BGE's credit rating: "The Transaction increases the competition for capital within CEG and creates new risks to BGE's credit rating, and the Companies' increasing commitment to nuclear energy only raises the stakes."[4] The Commission explained:

> Even before this Transaction, capital within CEG was 'scarce' by CEG's own reckoning. This matters for ratepayers because inadequate capital affects BGE's ability to fund the amounts necessary to maintain safe and reliable distribution systems and reduces BGE's equity ratio, which in turn can damage BGE's credit rating. Much has been made in this case of the role of credit rating agencies and their perceptions of CEG, BGE, this Transaction and the regulatory climate in Maryland. BGE's credit rating is important to ratepayers. The lower BGE's credit rating, the harder it is for BGE to obtain capital to fund its operations, which increases BGE's borrowing costs and creates pressure to collect more revenue through rates. To the extent, then, that the Transaction creates greater competition for capital within the CEG corporate family - or, put another way, if CEG is not investing enough in BGE, or if CEG treats BGE as a source of capital for its other operations - ratepayers face the possibility of diminished service quality and higher rates. Since BGE's credit rating is tied closely to CEG's - BGE's rating was downgraded in September 2008, when CEG was downgraded - CEG's corporate decisions and behavior place BGE's rating, and thus BGE's ratepayers,

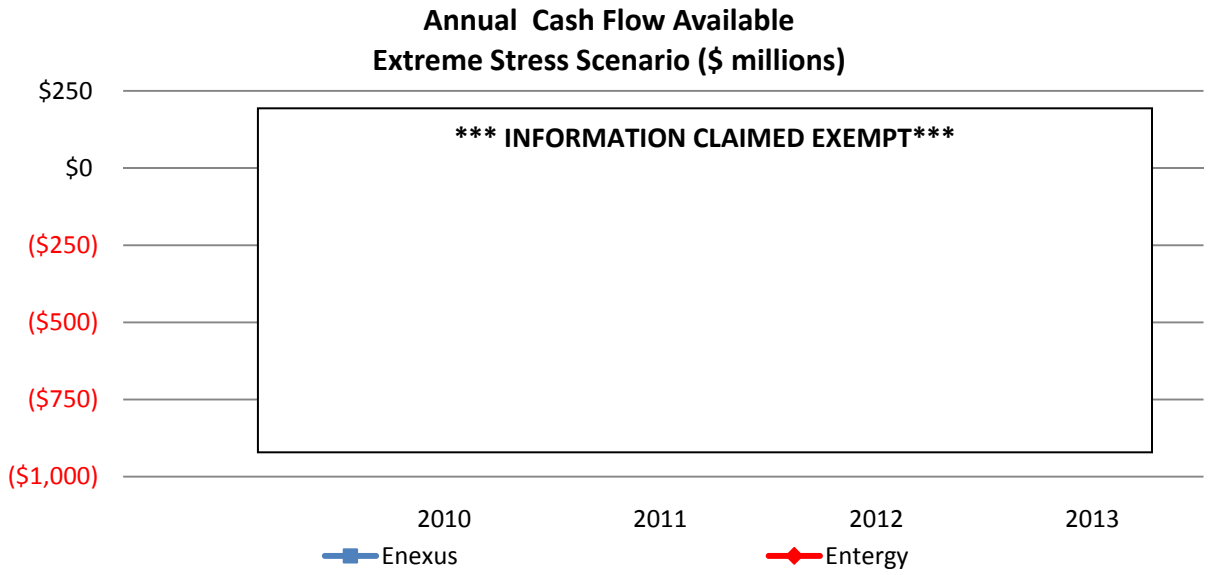
[3] Order No. 82986, In the Matter of the Current and Future Financial Condition of Baltimore Gas and Electric Co. (Maryland Public Service Commission (October 30, 2009).

[4] Id. at 4.

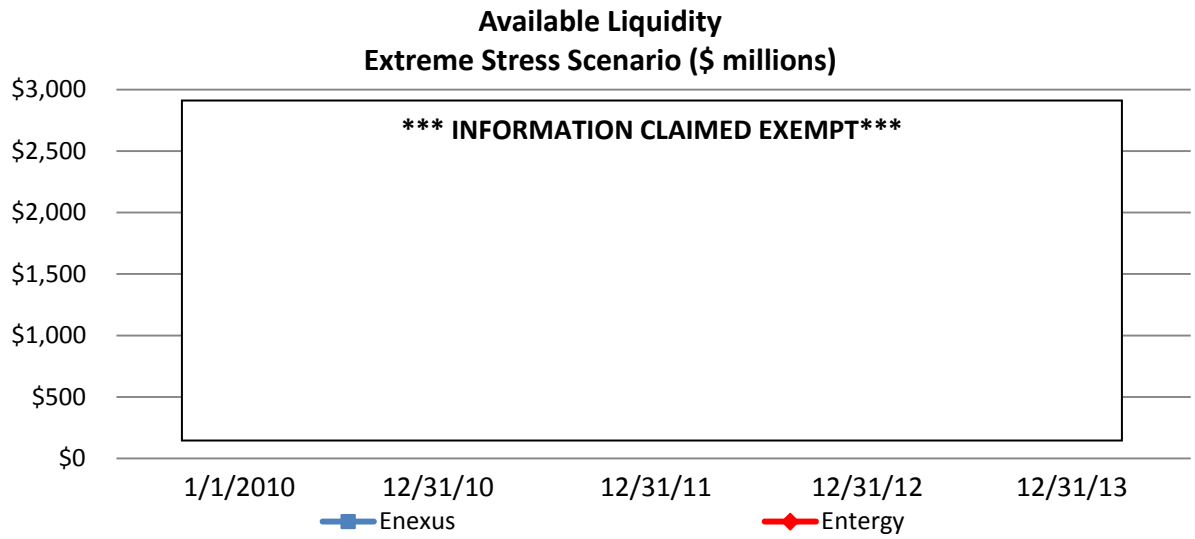
at risk. CEG's increasing commitment to nuclear power, a business rating agencies find risky at best, only magnifies the risk to BGE.[5]

This reasoning applies equally to a significant increased capital commitment by Entergy to its non-utility nuclear operations, as would be the case in the stress scenarios analyzed herein. Therefore, it is our opinion that in stress scenarios the agencies would at a minimum put the entire Entergy business (the parent company and its utility subsidiaries) on negative watch and then depending upon Entergy's actions determine whether to downgrade the credit rating(s) of one or more Entergy entities. As Petitioners explained in their Initial Comments, Entergy's commitment to a significant capital allocation to the non-utility nuclear business is likely to be viewed as having a negative impact on its credit rating by the rating agencies. See Petitioners' Initial Comments at p. 21.

Setting aside the potential negative impact on Entergy's credit rating from the posited $800 million additional investment in the non-utility nuclear business, the Extreme Stress Scenario has a clear detrimental impact on the Cash Flow Available of both companies. But the most important metric, liquidity, is adequately maintained by both companies in this scenario – assuming no other stresses.



[5] Id. at 41-42.


Available Liquidity
Extreme Stress Scenario ($ millions)
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
*** INFORMATION CLAIMED EXEMPT***
1/1/2010
12/31/10
12/31/11
12/31/12
12/31/13
Enexus
Entergy

EXTREME STRESS SCENARIO RESULTS WITH ADDITIONAL ENTERGY HURRICANE STRESS

Under the extreme stress scenario, Entergy could also face a reasonably probable additional stress in the form of another major hurricane that the non-utility nuclear business would not face under Enexus' ownership. In that situation, Entergy would have to provide liquidity priority to the operating utility company subsidiaries for a variety of items, including fuel, purchased power expenses, capital and storm restoration costs.

Additionally, Entergy would have to maintain the credit ratings and credit quality at all of the utility subsidiaries and the parent in order to avoid escalating the financial stress it would face in this scenario. Entergy likely would accomplish this by a variety of measures, including measures such as deferring or eliminating capital investment in the non-utility nuclear business.

In this scenario, the combination of the liquidity issues, financial stress and storm restoration costs, together with the need to invest in the non-utility business, would likely be seen as very negative by the credit rating agencies.

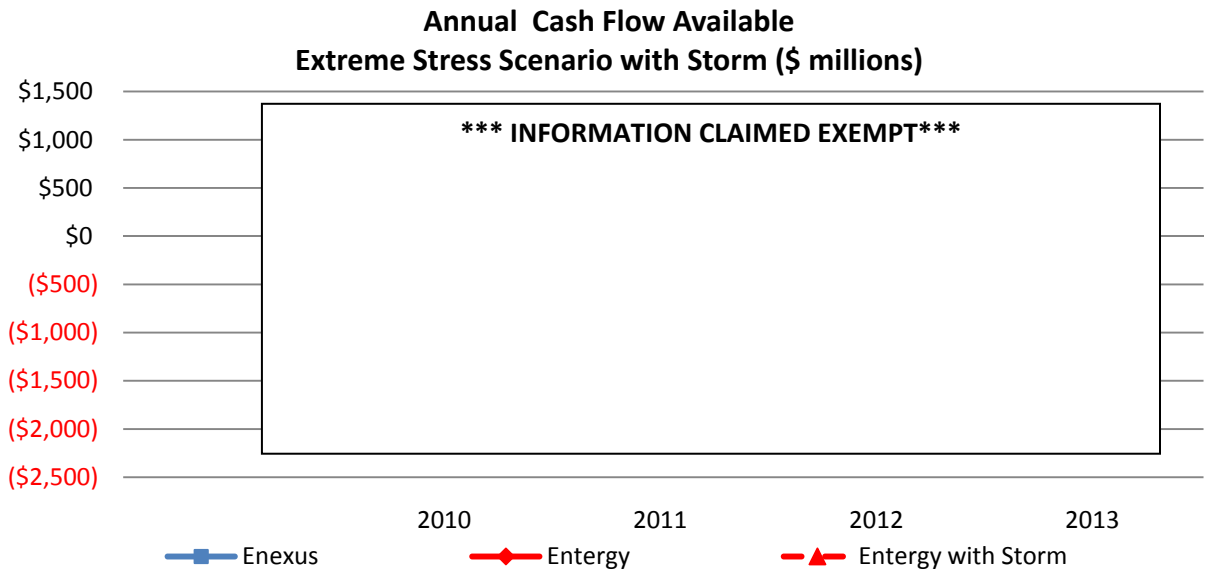
Such a situation would increase the probability of a credit downgrade at the parent as well as at the operating companies which could produce additional adverse consequences, including:

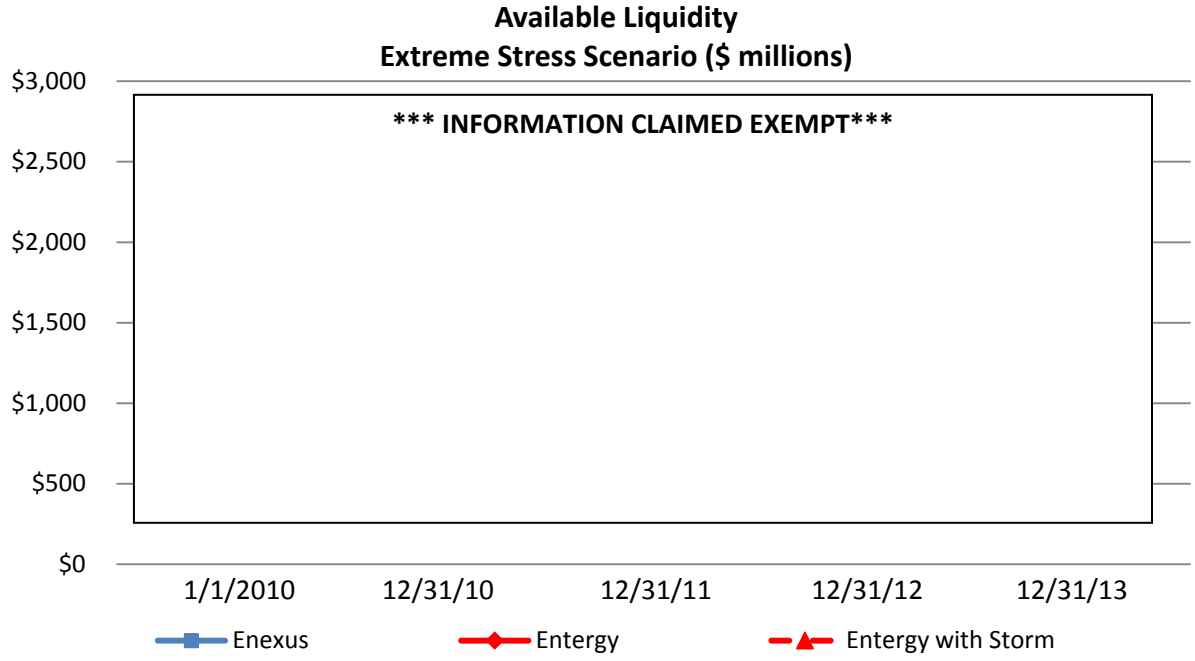
i. Negative reaction by local regulators,
ii. Issuance of show cause orders in the near-term, and
iii. Longer term ring fencing

In addition to the rating agency considerations, Entergy would have to consider its financial covenants. Commodity prices often rise in a Gulf storm situation because of the concentration of natural gas and oil supplies in that region. In 2005, during Katrina and Rita, prices did in fact rise substantially as the storms substantially disrupted Gulf of Mexico gas and oil production. Rising commodity prices create two challenges under Entergy's 65% debt test: 1) Entergy's corporate guarantees for its out-of-the-money hedge contracts at Enexus are counted as debt and the amount of those guarantees rises as commodity prices rise; and 2) the mark-to-market losses on those same out-of-the-money hedge contracts reduce Entergy's equity. By contrast, Enexus can more effectively manage its debt covenants because they are based on EBITDA (Debt/EBITDA or EBITDA/Interest). EBITDA would be rising in a rising commodity price environment enabling Enexus to more effectively balance any increased debt or interest expense required to meet collateral postings on hedge contracts.

<u>As shown below, in this Extreme Stress Scenario with additional hurricane stress, Cash Flow Available for both Enexus and Entergy predictably suffers from the extreme stress, but Entergy's Cash Flow Available is further diminished by the hurricane stress. With respect to the key measure of liquidity, Entergy's liquidity is significantly constrained in this situation and would be less than the liquidity and secured borrowing authority provided by Enexus in all years of the forecast period.</u> In fact, one key measure of liquidity is Standard & Poor's liquidity ratio, which compares the amount of available liquidity to the potential liquidity need under downgrade and market stress. S&P looks for a ratio greater than 1.0

under such stress conditions. Under this stress which includes reduced market prices, increased non-utility nuclear capital, and a $1 billion storm cost with reimbursement after two years, ***BEGIN INFORMATION CLAIMED EXEMPT*** [redacted] ***END INFORMATION CLAIMED EXEMPT***





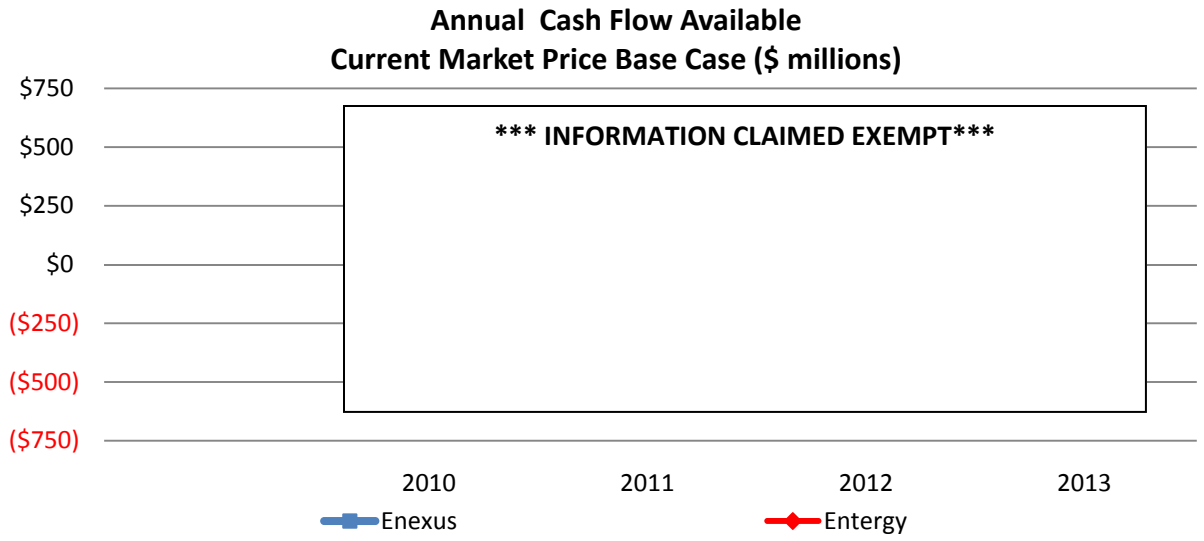
CURRENT MARKET PRICE RESULTS

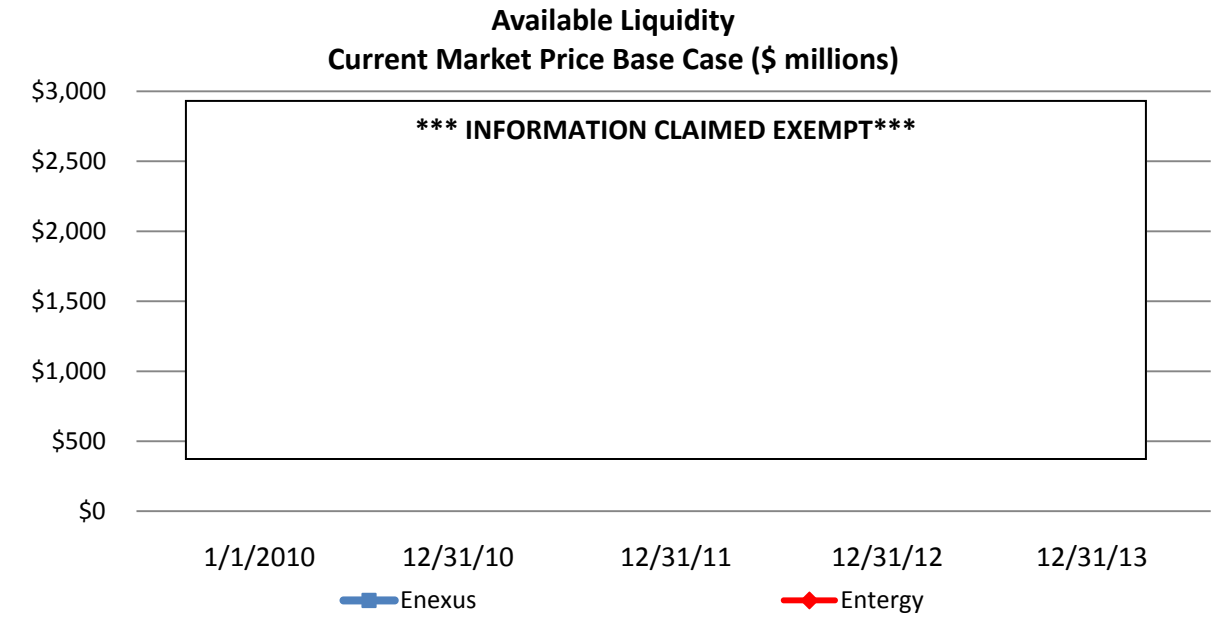
The forward curves for the forecast period (2010 to 2013) used in addressing question 5 were sourced from Sungard Kiodex. Sungard Kiodex is a data provider that Entergy/Enexus uses to obtain the curves to perform its daily mark to market. These represent the best routinely available data on the market price for energy at the commonly traded hubs (Zone's A and G in New York and Mass Hub in NEPOOL).

The following represents a comparison of Enexus and Entergy base cash financial projections with the current market prices. Again, the Base Case Cash Flow Available comparison below shows the Cash Flow Available of Enexus and the Cash Flow Available of Entergy *as a consolidated entity including its utility operations*.

As in the Base Case, the comparison shows that Enexus will have positive Cash Flow Available in all years of the forecast period. Entergy's Cash Flow Available will be positive on average, *****BEGIN INFORMATION CLAIMED EXEMPT***** [redacted] *****END INFORMATION CLAIMED EXEMPT***** The comparison similarly shows that both Enexus and Entergy will maintain ample amounts of liquidity (and secured borrowing authority in the case of Enexus) with which to operate the New York Facilities in all years of the forecast period although Enexus will have greater amounts of liquidity and secured borrowing authority in most years of that period. The amounts for Entergy's available liquidity below do not include the additional secured borrowing authority of the utilities operating companies because it is not available to be used to support the non-utility nuclear business[6].

[6] In response to DPS-76, Petitioners provided the historical cash flows out of the non-utility nuclear business to Entergy and its other affiliates.

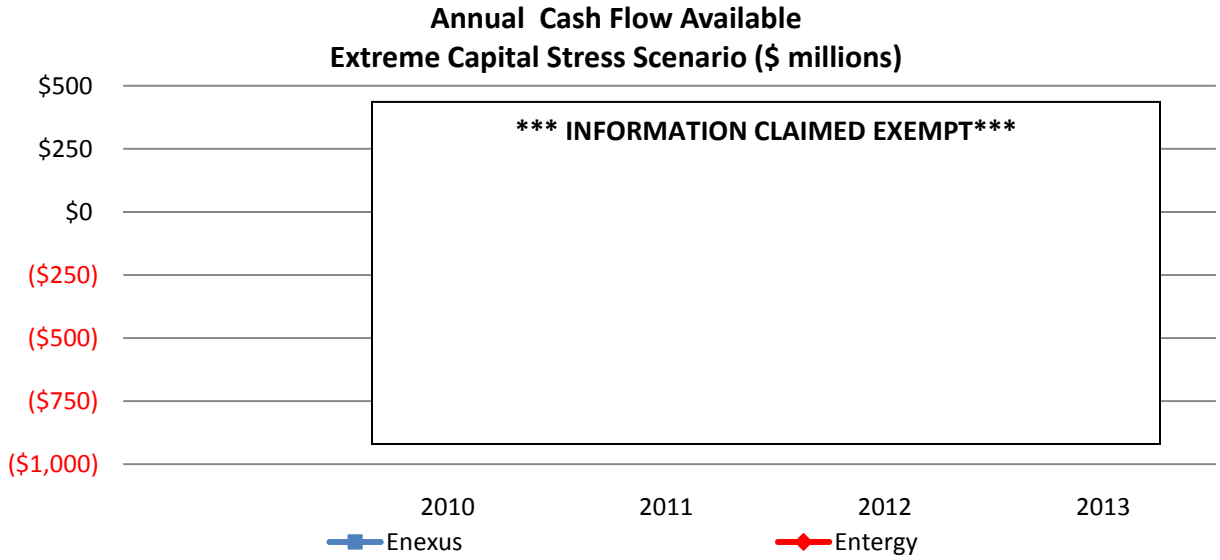


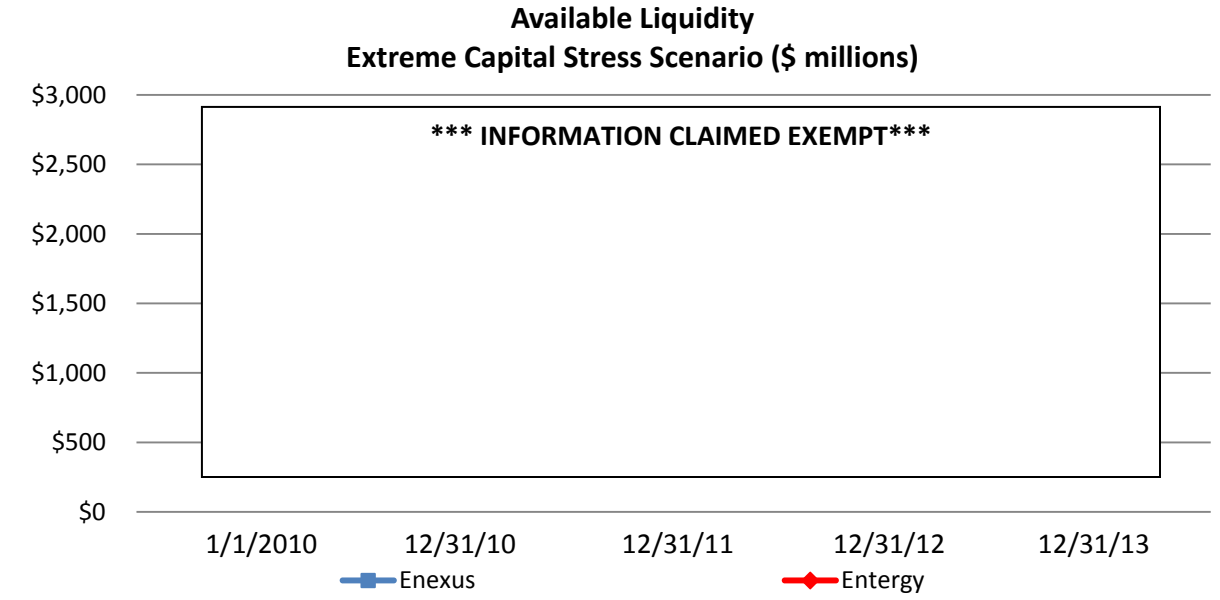


EXTREME CAPITAL STRESS SCENARIO WITH CURRENT MARKET PRICE RESULTS

The use of current market prices does not result in any marked change in the Enexus-Entergy comparison in the Extreme Stress scenario.

The Extreme Stress Scenario has a clear detrimental impact on the Cash Flow Available of both companies. But the most important metric, liquidity, is adequately maintained by both companies in this scenario – assuming no other stresses.

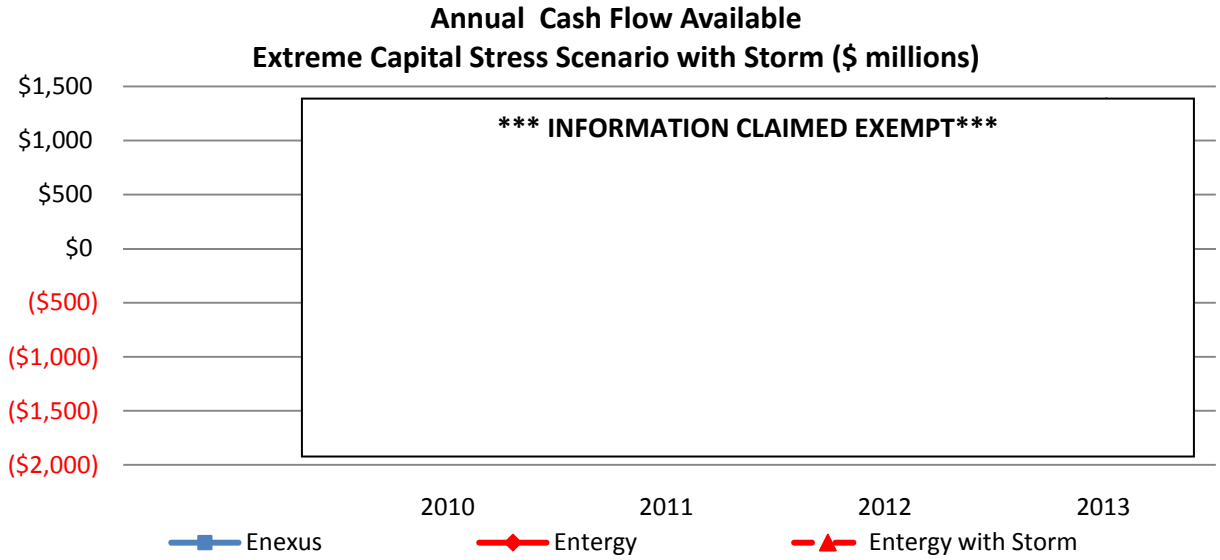


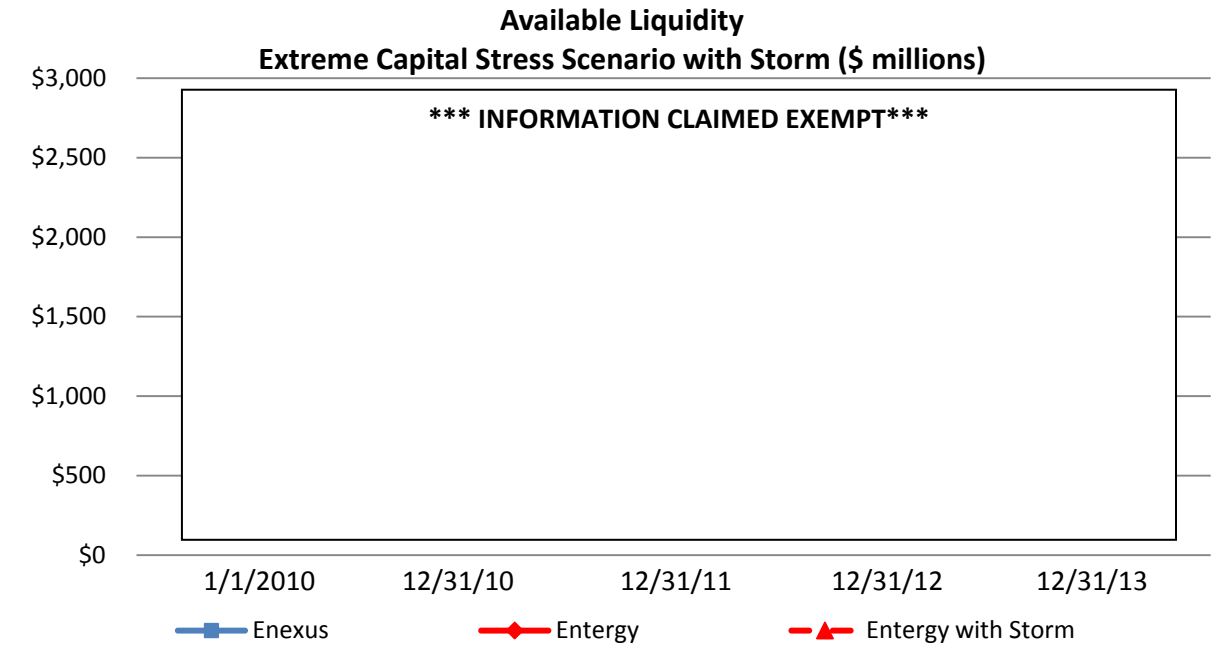


EXTREME CAPITAL STRESS SCENARIO RESULTS WITH ADDITIONAL ENTERGY HURRICANE STRESS

The use of current market prices also does not result in any marked change in the Enexus-Entergy comparison in the Extreme Stress scenario with additional Entergy Hurricane Stress. As shown below, in

this Extreme Stress Scenario with additional hurricane stress, Cash Flow Available for both Enexus and Entergy predictably suffers from the extreme stress, but Entergy's Cash Flow Available is further diminished by the hurricane stress. But with respect to the key measure of liquidity, Entergy's liquidity is significantly constrained in this situation and would be less than the liquidity and secured borrowing authority provided by Enexus in all years of the forecast period.





II. Entergy Storm Data

In contrast to Enexus, the ongoing recurrence of Gulf Coast hurricanes and ice storms in the Entergy utilities' service area is a significant business risk resulting in potentially material costs to Entergy. During the period 2005 - 2008 there were 34 named hurricanes in the Atlantic, Caribbean and Gulf of Mexico. In this four year period, Entergy incurred approximately $3.1 billion of hurricane and storm restoration costs. Gulf Coast hurricanes and ice storms, in Entergy's northern service area, also could result in greater liquidity requirements for Entergy as these extreme weather events typically result in increased fuel costs and a requirement for Entergy to effectively prepay its purchased power obligations in the event of a credit downgrade. Furthermore, Entergy is constrained by the 65% debt test covenants in its credit agreements. Included in these covenants are Entergy guarantees under purchase power agreements with Entergy Nuclear. Such guarantees increase as commodity prices increase during hurricanes and storms. In effect, prior to any impact on Entergy's liquidity from actual storm costs, stress is put on its liquidity by the effect that storms have on the guarantee requirements under these purchased power agreements. Furthermore, this added financial stress also increases the risk to Entergy's credit rating.

In addition to the risk associated with hurricanes, major ice storms pose a continuous threat to the northern service area of Entergy Utilities. Since 1994, Entergy Utilities subsidiaries have incurred approximately $655 million in capital to fund restoration related to ice storms. The most recent ice storm event came in early 2009 and resulted in restoration costs of approximately $183 million.

Appendix

November 2009

Appendix 1

Summary of Entergy Scenario Analyses

November 2009

Base Case Assumptions

The Entergy Base Case is based on Entergy's October Present Estimate and includes current expectations of costs and capital investment in both the utility and the non-utility nuclear business. The key assumptions used in the Entergy Base Case are explained in the Entergy Corporation Assumptions Documentation (October 2009), a document prepared for use in connection with the financial forecasts provided to rating agencies. A copy of the assumptions documentation is included in this appendix. For ALJ-4, the assumptions for power prices and the assumed output for the non-utility nuclear plants are the same as those assumed for Enexus in Scenario 11, as specified in the attachments to the second supplemental response to DPS-31. For ALJ-5, power prices reflect the latest forecast.

As with the Enexus scenario analyses (see response to information request DPS-55), the Entergy analyses are prepared using a computer model that works from electronic databases and that produces forecasted financial statements. As a result, there are no copies of workpapers or calculations other than the output of the computer model itself.

Consistent with Entergy's rating agency discussions, the Entergy debt/total book capital measure is targeted at 55%. For the hurricane stress scenario, a storm was assumed to strike Entergy Louisiana and Entergy Gulf States in 2011 with a cost impact of $1 billion and a $60 million loss of customer revenue. Storm costs are assumed to be returned to Entergy in 2013 (two years later) through cost securitization (this is consistent with past practice).

ENTERGY CORPORATION
ASSUMPTIONS DOCUMENTATION

THREE-YEAR FINANCIAL FORECAST
UTILITY BUSINESS

October 2009

In this document, and from time to time, Entergy Corporation makes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Except to the extent required by the federal securities laws, Entergy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including (a) those factors discussed in (i) Entergy's Form 10-K for the year ended December 31, 2008, (ii) Entergy's Form 10-Q for the quarters ending March 31, 2009 and June 30, 2009 and (iii) Entergy's other reports and filings made under the Securities Exchange Act of 1934, (b) the uncertainties associated with efforts to remediate the effects of Hurricanes Gustav and Ike and the January 2009 Arkansas ice storm and recovery of costs associated with restoration, and (c) the following transactional factors (in addition to others described elsewhere in this presentation and in subsequent securities filings): (i) risks inherent in the contemplated spin-off, joint venture and related transactions (including the level of debt to be incurred by Enexus Energy Corporation and the terms and costs related thereto), (ii) legislative and regulatory actions, and (iii) conditions of the capital markets during the periods covered by the forward-looking statements. Entergy cannot provide any assurances that the spin-off or any of the proposed transactions related thereto will be completed, nor can it give assurances as to the terms on which such transactions will be consummated. The transaction is subject to certain conditions precedent, including regulatory approvals and the final approval by the Board of Directors of Entergy.

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LIST OF TABLES

SECTION 1 INTRODUCTION

This document has been prepared to accompany Entergy's 2009-2011 financial forecast assuming a spin-off of the non-utility nuclear business effective January 1, 2010. The Utility business forecast, whose assumptions are described in this report, is largely unaffected by the plan to spin off the non-utility nuclear business. Post separation, Entergy's financial forecast will be comprised primarily of the Utility Business, which includes the entities described in ***Table 1***.

Table 1. Description of Principal Rated Subsidiaries

Company	Description
EAI	Entergy Arkansas, Inc., an SEC registrant
EGSL	Entergy Gulf States Louisiana, L.L.C., an SEC registrant
ELL	Entergy Louisiana, LLC, an SEC registrant
EMI	Entergy Mississippi, Inc., an SEC registrant
ENO	Entergy New Orleans, Inc., an SEC registrant
ETI	Entergy Texas, Inc., an SEC registrant
SERI	System Energy Resources, Inc., an SEC registrant

SECTION 2 UTILITY

The Utility business generates, transmits, distributes, and sells electric power in a four-state service territory that includes portions of Arkansas, Mississippi, Texas, and Louisiana (including the City of New Orleans). In addition, the Utility operates a small natural gas distribution business in portions of Louisiana (including the City of New Orleans). The Utility currently has seven principal subsidiaries: Entergy Arkansas, Inc. (EAI); Entergy Gulf States Louisiana, L.L.C. (EGSL); Entergy Louisiana, LLC (ELL); Entergy Mississippi, Inc. (EMI); Entergy New Orleans, Inc. (ENO); Entergy Texas, Inc. (ETI); and System Energy Resources, Inc. (SERI). SERI is the majority owner of the Grand Gulf Nuclear Station, and sells its 90% share of the output from that unit to EAI, ELL, EMI and ENO under wholesale purchase power contracts regulated by the Federal Energy Regulatory Commission (FERC). All other subsidiaries serve retail customers and are regulated by state or local regulatory bodies as well as the FERC.

In addition to the operating companies described above, the Utility also has several "zero-income" and eliminations companies. Zero-income companies, like Entergy Services, Inc. (ESI); Entergy Operations, Inc. (EOI); and System Fuels, Inc. (SFI) provide services that are billed to the operating companies and other Entergy subsidiaries at cost.

Assumptions underlying the Utility's 2009-2011 financial forecasts are described in the sections below.

A. Regulatory Mechanisms and Allowed Returns

Table 2 provides a summary of base rate and fuel regulatory recovery mechanisms by company, along with the most recent, commission-approved allowed return on equity.

Table 2. Utility Retail Regulatory Mechanisms

Company	Allowed ROE	Base Rate Recovery	Fuel Recovery
EAI	9.9%	Base rates in effect since June 2007.	Reset annually in April based on deferred fuel balance as of 12/31 of the prior year and historical fuel costs adjusted for difference in nuclear generation due to refueling outages.
EGSL	Electric 9.9%-11.4% (10.65% midpoint)	The FRP was recently approved through the 2010 test year,; annual filings occur each May; returns inside the bandwidth result in no change in rates; returns outside the bandwidth are shared 60% / 40% in favor of the customer.	Reset monthly based on fuel costs from two months' prior, adjusted for deferred fuel balance.
	Gas 10.00%-11.00% (10.5% midpoint)	Rate stabilization plan in place; annual filings each January; two-tiered sharing mechanism caps prospective ROE range at 9.25% and 11.75%.	Reset monthly based on fuel costs from two months' prior, adjusted for deferred fuel balance.
ELL	9.45%-11.05% (10.25% midpoint)	The FRP was recently approved through the 2010 test year; annual filings occur each May; returns inside the bandwidth result in no change in rates; returns outside the bandwidth are shared 60% / 40% in favor of the customer.	Reset monthly based on fuel costs from two months prior, adjusted for deferred fuel balance.

Table 2. Utility Retail Regulatory Mechanisms			
Company	**Allowed ROE**	**Base Rate Recovery**	**Fuel Recovery**
EMI	9.46%-12.24% (10.85% midpoint for 2006 test year)	FRP; annual filings occur each March; returns inside the bandwidth result in no change in rates; returns outside the bandwidth are shared 50% / 50% customer / company.	Reset quarterly based on fuel costs from two months prior, adjusted for deferred fuel balance.
ENO	Electric 11.10% Gas 10.75%	Per the 2006 Agreement in Principle, ENO filed electric and gas rate cases on July 31, 2008. A settlement was reached and an order received from the Council of the City of New Orleans (CCNO) on April 2, 2009 approving a $35.3 million electric decrease and a $4.9 million gas increase. The CCNO also agreed that ENO will be subject to FRPs for both electric and gas operations; the term will be for three years with first filing due on or before May 31, 2010 (2009 test year).	Reset monthly based on fuel costs from two months prior, adjusted for deferred fuel balance.
ETI	10.00%	In December 2008, ETI, PUCT staff, and intervening parties reached a unanimous settlement that provides for implementation of a $46.7 million base rate increase effective for usage after December 19, 2008. The PUCT approved the settlement on March 11, 2009.	May be reset semi-annually through recalculation of a fixed fuel factor and request for surcharge; periodic reconciliations are conducted to approve the appropriateness of the level of fuel that has been charged to fuel expense.

The Formula Rate Plans (FRPs) for ELL and EGSL were recently approved by the Louisiana Public Service Commission (LPSC) through the 2010 test year. The forecast assumes continuation of the FRP at both Louisiana companies through the forecast period.

SERI bills the operating companies for power produced by Grand Gulf on a monthly basis, based on actual costs and capital structure. SERI's rates are based on a 10.94 percent allowed return on equity.

B. Deferred Fuel Balances and Recovery of Fuel Costs

Deferred fuel accounting is used to account for differences between fuel collections and fuel expense. Each jurisdiction utilizes a true-up mechanism which provides the opportunity for full collection of fuel costs. ***Table 3*** provides the projected net deferred fuel position for the Utility. A deferred fuel asset indicates under-recovery while a deferred fuel liability indicates over-recovery. Deferred fuel balances include timing differences between System Agreement bandwidth payments / receipts between the operating companies and collections / refunds to customers.

Confidential

C. Regulatory Rate Changes

Rate changes are projected to occur in all six operating companies during the 2009-2011 forecast period. Expectations for rate increases are derived from regulatory models, which consider rate base recovery mechanisms and allowed return on equity assumptions described in ***Table 2***.

D. Storm Recovery Assumptions

Entergy's Utility operating companies' storm restoration costs as a result of 2008 Hurricanes Gustav and Ike are estimated to be in the range of $1.3 billion. In October 2008, EGSL, ELL, and ENO drew a total of $229 million from their funded storm reserves. An EAI surcharge is in place to recover $18 million of its 2008 storm restoration costs. The remaining 2008 storm costs at EGSL, ELL and ETI are assumed to be recovered through on balance sheet securitization. Storm costs at ELL, EGSL, and EMI for 2005 Hurricanes are being recovered through off balance sheet securitization.

Entergy's conventional property insurance program provides coverage on an Entergy system-wide basis. For Hurricane Gustav, most of the damage was to distribution and transmission facilities that are not covered by insurance; therefore Entergy did not expect to meet its deductible for that storm. For Hurricane Ike, Entergy received $76.5 million of insurance proceeds in September 2009 for flooding and damage to generation facilities.

A significant ice storm affected the Entergy Arkansas service territory in January 2009. The cost estimate for the damage caused by the ice storm is approximately Confidential is estimated to be operating and maintenance type costs and the remainder is capital investment. EAI included recovery of the ice storm restoration costs in its recently filed rate case; however, EAI noted that if securitization proves to have a lower cost to customers, EAI will proceed with balance sheet securitization.

Table 4 summarizes the storm costs for 2008 Hurricanes Gustav and Ike.

Confidential

1. *Represents collection of insurance proceeds. There were additional insurance proceeds received which were allocated to other companies and not netted for securitization purposes.*

Table 5 reflects the recovery assumptions currently included in the forecast for the 2008 and 2009 storms.

Confidential

Confidential

Additionally, ENO continues to incur gas rebuild costs associated with Hurricane Katrina damage. The forecast includes gas rebuild spending of approximately Confidential in 2010 and Confidential in 2011, funded by insurance proceeds.

E. Electricity Rates

Table 6 provides weighted average retail electric rates for the Utility, including the primary components of electric rates. Non-fuel rates are generally equivalent to base rates, but may include riders and other non-fuel components.

Confidential

F. Retail Sales

Retail sales projections are developed by revenue class through a combination of econometric and end use forecasting methods. Projections assume normal weather and are adjusted to reflect known or expected business events, such as industrial expansions or the loss of industrial customers. The 2009-2011 forecast reflects Confidential

Confidential

Confidential Sales growth assumptions for 2009-2011 electric retail sales are summarized in ***Table 7***.

Confidential

G. Wholesale and Other Revenues

Wholesale revenues are comprised of revenues from sales to municipals and cooperatives, adjoining Utility systems, and affiliates. A portion of wholesale revenues result from the Utility's ownership of several assets that are not subject to retail rate regulation. The most significant of these include the

retained share of Grand Gulf and the 30 percent share of the River Bend nuclear station. EAI also utilizes a specified portion of its assets (currently five percent of available generation) to sell power on a wholesale basis to municipals, cooperatives, and adjoining Utility systems. Wholesale revenues included in the forecast are summarized in ***Table 8***. Major contracts include both capacity and energy components. Effective with the jurisdictional separation of Entergy Gulf States, EGSL and ETI bill each other using the System Agreement Service Schedule MSS-4 to allocate capacity from the River Bend nuclear facility from EGSL to ETI and the gas-fired units owned by EGSL and ETI.

Confidential

H. Cost of Generation

The Utility owns 22,249 MW of fossil-fueled and nuclear generation. Generally speaking, capital costs associated with these plants are included in the owning company's rate base for ratemaking purposes. Fuel and purchased power costs for each company are determined based on projections of resources that will be used to supply forecasted energy needs under the principles of economic dispatch of Entergy System resources.

Fuel and purchased power costs assigned to each company vary based on load, load shape, owned resources, operating characteristics of owned resources, and other factors. The average gas price assumption over the forecast period ranges from Confidential based on June 30, 2009 forecasted prices. Coal prices are forecasted as of July 7, 2009, with spot Powder River Basin (PRB) coal prices ranging from a low of Confidential per ton in 2011. These are nominal values. Contracted PRB coal ranges from Confidential in 2009 to Confidential in 2011. The forecast assumes that nuclear fuel expense will increase over time as a result of uranium market price increases compared to historical pricing. As nuclear fuel in the core is replaced fractionally over an approximate five-year period, nuclear fuel expense at more current market prices phases in. Entergy's nuclear fuel contract portfolio has provided a degree of price hedging against the full extent of market prices through 2010, but market trends will affect nuclear fuel expense over time.

Table 9 summarizes the estimated average cost of energy by source along with the average proportion each source represents of total generation over the planning horizon.

Confidential

I. Non-fuel Operations and Maintenance Expense

Roughly half of the Utility's non-fuel operations and maintenance (O&M) expense is labor. The Utility sets annual O&M expense targets to include approximately Confidential wage inflation for 2010 and

2011 plus known increases and/or decreases. ***Table 10*** summarizes O&M projections, which include amortization of refueling outages costs. These O&M projections assume replacement of the Little Gypsy solid fuel project with a new combined-cycle gas-fired resource, as described in ***Section J.***

Confidential

J. Capital Investment

The Utility's capital spending plan is subdivided into base and incremental components as shown in ***Table 11***. Base/Maintenance Capital refers to amounts the Utility companies plan to spend on routine capital projects that are necessary to support reliability of its service, equipment, and/or systems and to support customer growth.

Confidential

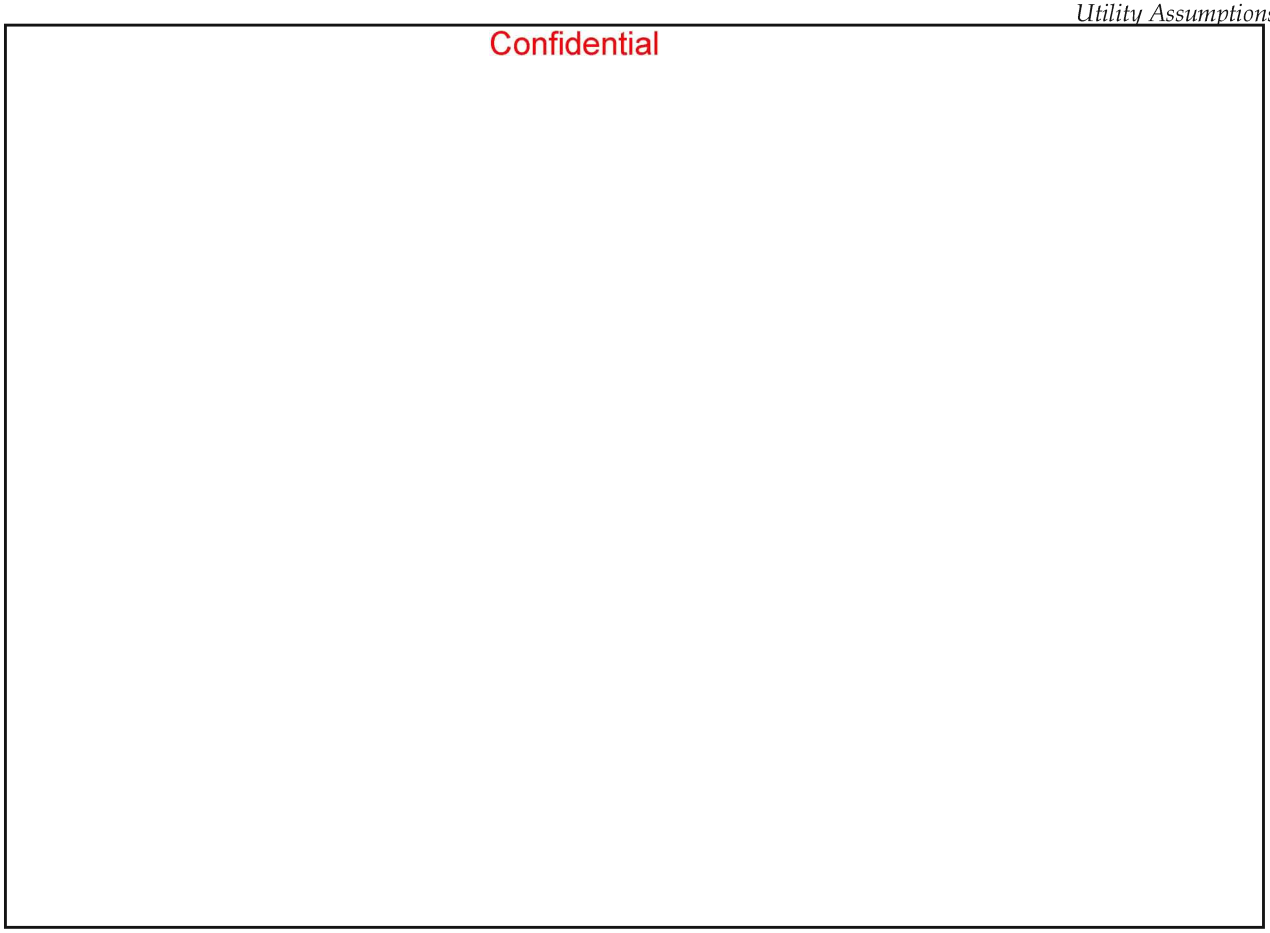
Totals may not foot due to rounding

Incremental Capital projects vary substantially by year. This category includes non-routine investments that the companies are contractually obligated to make; have Board approval to pursue; or are required to make pursuant to existing law or rule, anticipated change in law or rule, or regulatory requirement.

The Utility's forecast includes capital investments consistent with its Portfolio Transformation strategy, which is described in more detail in ***Section K.*** Major projects assumed in the forecast are detailed in ***Table 12***. The forecast assumes the Little Gypsy solid fuel project is suspended ; Confidential Confidential The forecast provides for recovery of approximately Confidential for costs incurred on the Little Gypsy project; Confidential Confidential . Investment associated with New Nuclear development, which includes site identification and submission of two combined construction and operating license applications (COLAs). For New Nuclear, the forecast assumes limited investment in 2009 and 2010, as options for continuing the project are evaluated.

The forecast includes projected investment of Confidential for the White Bluff Scrubber's project, of which approximately Confidential will be incurred by EAI with the balance to be incurred by the co-owners of this project.

Confidential



The capital plan also includes additional transmission capital associated with National Energy Reliability Council (NERC) transmission reliability planning standards, which, if approved by the FERC, will result in more stringent transmission planning criteria in the future.

The updated three-year forecast also includes Confidential of storm capital, including continued work on ENO's Gas Rebuild project and Confidential for the 2009 EAI ice storm.

Appropriate regulatory concurrence / approvals will be obtained prior to construction of any large generation project. The forecast assumes rate actions that are warranted for this level of investment.

Entergy's Utility companies continually evaluate the need for additional facility upgrades and generation supply needs, and update the capital plan periodically to reflect the results of these analyses.

K. Generation Portfolio Transformation Strategy

The Utility reviews load and capacity projections on a routine basis to assess the need and timing for additional generating capacity and interconnections. For 2010 with about Confidential of generating capacity, Confidential of long-term contracted resources and Confidential of firm load at peak, the Utility is expected to be approximately Confidential of long-term resources in the 2010 summer season, after factoring in a reserve margin of approximately 17 percent. This is up from a projected Confidential position for summer 2009, primarily reflecting about Confidential of increased weather-normal load growth in 2010. However, the Utility has or plans to procure limited-term resources for periods of one to five years such that for the summer of 2010 the Utility will have an overall resource surplus of about Confidential GW.

Since 2002, Entergy has periodically issued requests for proposals (RFPs) to procure supply-side resources to meet the unique base, intermediate, and peaking needs of various areas within the Entergy system. As a result of these RFPs and other negotiated procurement efforts, Entergy's Utility companies have contracted for well over 5 GW of capacity (under mostly unit-contingent terms for varying contract lengths). In addition, three of the operating companies have purchased highly-efficient combined cycle gas turbine (CCGT) generating plants and one operating company has purchased a modern combustion turbine (CT) peaking facility, including:

- ELL's purchase of the 718 MW Perryville plant from Cleco in mid 2005,
- EMI's purchase of the 480 MW Attala plant from Central Mississippi Generating Company in early 2006,
- EGSL's purchase of the 322 MW Calcasieu peaking facility from Dynegy in early 2008, and
- EAI's purchase of the 789 MW Ouachita plant from Cogentrix in late 2008.

During the summer of 2008, ESI issued another RFP to seek proposals for both limited-term and long-term resources. In consideration of the potential effects of the financial crisis on the overall economy, and the consequential uncertainty in business and related markets which could affect System resource needs, long-term resource procurement efforts for Entergy's operating companies, including ongoing bilateral negotiations and the long-term portion of the Summer 2008 RFP, were terminated in October 2008. With such consideration, ETI elected to go forward with the Western Region RFP seeking up to 550 MW of load-following CCGT flexible capacity for 2014 and beyond. Therefore, the January 2009 Western Region long-term RFP was issued. ESI has concluded its review and evaluation of the proposals submitted in response to the January 2009 Western Region RFP. As a result, ESI has identified one proposal to pursue for further consideration. ESI will announce the details of the selected proposal if and when a definitive agreement is reached.

With financial markets and economic improvements, ESI has decided to re-enter the long-term market. The Summer 2009 Long-term RFP was posted on September 24, 2009 with proposals due in mid November. The RFP is seeking up to 1,000 MW of long-term resources starting in Summer 2011 and about 550 MW CCGT capacity no later than 2015 to help meet reliability needs in Amite South and the Entergy System. ESI also continues to evaluate various offers for long-term resources received outside the RFP process. The Utility operating companies will evaluate market opportunities, in the event they arise, on a case-by-case basis.

L. Pension Contributions

The Utility and operating companies make contributions to pension and post retirement plans. Contributions expected over the forecast period are summarized in ***Table 13***. For regulatory purposes, pension expense amounts per Generally Accepted Accounting Principles (GAAP) are reflected in rates; differences between book expense and cash contributions are captured on the balance sheet

Confidential

M. Refinancing Interest Rates

Table 14 summarizes the forward interest rate assumptions for refinancing short-term and long-term debt and the interest rate on cash.

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N. Money Pool Activity

The six operating companies, SERI, ESI, EOI, SFI, Entergy Louisiana Holdings, Entergy Louisiana Properties, Entergy Gulf States Holdings, Inc., and Entergy Corporation (collectively the "Money Pool Participants") participate in a cash management arrangement (referred to as the "Money Pool"), which is authorized by FERC. The arrangement reduces the Utility companies' borrowing costs and their dependence on external short term borrowing. Entergy Corporation participates in the Money Pool only as a lender and is not permitted to borrow funds made available by other Money Pool Participants.

Money pool assets / liabilities are reflected on the companies' balance sheets as associated company payables and receivables. On the cash flow statement, money pool lending activities are classified as investing activities and money pool borrowing activities are classified as financing activities. For forecasting purposes, operating companies' cash and cash equivalent balances may be zero, an indication that they are expected to borrow from or lend into the Money Pool.

O. Dividends from Subsidiaries to Parent

The six operating companies and SERI may declare dividends to the parent on a monthly basis. Dividends are declared to maintain targeted capital structures, while also giving consideration to the Utility's capital requirements. ***Table 15*** provides details of the Utility dividends to parent over the forecast period.

Confidential

P. Financings

The 2009-2011 forecast includes long term debt and equity activity, including issuance of securitized debt associated with storm recovery. ***Table 16*** summarizes financing activity expected at each operating company over the planning horizon as well as details on expected securitized debt activities.

In connection with the Jurisdictional Separation Plan (JSP) of Entergy Gulf States, Inc. (EGS) that was completed on December 31, 2007, a Debt Assumption Agreement (DAA) was executed by ETI in favor of EGSL under which ETI assumed the obligation for principal and interest associated with the outstanding long-term debt of EGS (pre-JSP) allocated to the Texas assets. ETI assumed approximately $1.1 billion of debt under this agreement, and ETI must repay its portion of maturities and the balance at its discretion over the three year period of the DAA. In the working forecast ETI issues new debt and retires the majority of its assumption debt by December 2009 with the remainder by June 2010. For accounting purposes, 100 percent of the combined EGS debt was reflected on EGSL's balance sheet at the time of the split. Because of this, EGSL has recorded on its balance

sheet a corresponding asset of approximately $1.1 billion for the DAA executed with ETI. EGSL's income statement reflects interest income that offsets ETI's share of interest expense.

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ENTERGY CORPORATION
ASSUMPTIONS DOCUMENTATION

THREE-YEAR FINANCIAL FORECAST
PARENT & OTHER
Spin-Off Scenario

October 2009

In this document, and from time to time, Entergy Corporation makes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Except to the extent required by the federal securities laws, Entergy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Forward-looking statements involve a number of risks and uncertainties. There are factors that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including (a) those factors discussed in (i) Entergy's Form 10-K for the year ended December 31, 2008, (ii) Entergy's Form 10-Q for the quarters ending March 31, 2009 and June 30, 2009 and (iii) Entergy's other reports and filings made under the Securities Exchange Act of 1934, (b) the uncertainties associated with efforts to remediate the effects of Hurricanes Gustav and Ike and the January 2009 Arkansas ice storm and recovery of costs associated with restoration, and (c) the following transactional factors (in addition to others described elsewhere in this presentation and in subsequent securities filings): (i) risks inherent in the contemplated spin-off, joint venture and related transactions (including the level of debt to be incurred by Enexus Energy Corporation and the terms and costs related thereto), (ii) legislative and regulatory actions, and (iii) conditions of the capital markets during the periods covered by the forward-looking statements. Entergy cannot provide any assurances that the spin-off or any of the proposed transactions related thereto will be completed, nor can it give assurances as to the terms on which such transactions will be consummated. The transaction is subject to certain conditions precedent, including regulatory approvals and the final approval by the Board of Directors of Entergy.

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SECTION 1: INTRODUCTION

This document has been prepared to accompany the updated 2009-2011 financial forecasts for Entergy Corporation's (Entergy's) Parent & Other business segment.

In November 2007 Entergy's Board of Directors approved a plan to pursue a separation of the non-utility nuclear business from Entergy's regulated utility business through a tax-free spin-off of the non-utility nuclear business, and establish a nuclear services joint venture with the spun-off entity to, among other things, operate the generation facilities of the spun-off nuclear company. Enexus Energy Corporation (Enexus) is the name for the independent, publicly traded nuclear power company with primary assets that will include the generation portfolio of six nuclear power units, the management services contract for the Cooper Nuclear Station, and a power marketer. EquaGen LLC (EquaGen) is the name of the new joint venture to be owned 50/50 by Entergy and Enexus. This document includes descriptions of the effects of the spin-off transactions on Entergy, assuming the spin-off is effective January 1, 2010.

This document contains assumptions for the parent company and other non-core businesses. These assumptions are incorporated in the consolidated financial forecasts, comprised of income statements, balance sheets, and cash flow statements, as described in ***Table 1.***

Forecast assumptions are provided for the parent company and non-core businesses. The non-core businesses are Entergy Asset Management (non-nuclear wholesale assets) and Competitive Retail. A description of major forecast components of the consolidated Entergy is provided in ***Table 1***.

Table 1. Description of Forecast Components for Entergy Consolidated

View	Components
Pre-spin	Primary business consists of six vertically integrated utility companies, the non-utility nuclear business, the parent company, and other non-core businesses such as Entergy Asset Management and Competitive Retail.
Post-spin	Primary business consists of six vertically integrated utility companies, an equity interest in EquaGen, the parent company, and other non-core businesses such as Entergy Asset Management and Competitive Retail.

In the sections that follow, significant Parent & Other assumptions supporting the financial forecast for the Spin-off Scenario are described. For periods prior to January 1, 2010 (the assumed effective date of the separation), the Entergy consolidated financial forecast includes results from the non-utility nuclear business.

SECTION 2: PARENT & OTHER

A primary source of cash for the parent company is dividends from its subsidiaries as well as its equity interest in EquaGen. Its expenses are a combination of allocated service company expenses and direct expenses such as board fees, annual report fees, Director and Officer (D&O) insurance, etc. The financial forecast reflects distributions to Entergy stockholders through a combination of dividends and share repurchases. Other business lines include Entergy Asset Management (EAM) and Competitive Retail.

A. Parent Expense

Parent expenses, including board fees, annual report fees, D&O insurance, and allocated service company costs total approximately Confidential. This includes Confidential per year of additional costs allocated to Parent post spin-off.

In addition to these items, stock option expense is recorded at the parent level and is billed to subsidiaries. Any incremental stock option expense resulting from the spin-off would be based on a number of factors that are not yet known including, but not limited to, the number of shares that will be outstanding before and after the spin-off; the expected value of Entergy and Enexus at or near the spin-off date; and the expected volatilities of Entergy stock, Enexus stock, or both. The financial forecast for the spin-off scenario does not reflect any change in assumption related to stock option expense as the result of numerous unknown factors including the ones noted above.

B. Common Dividends

The current annual dividend was increased in the third quarter 2007 from $2.16 per share to $3.00 per share. Common dividends are forecasted to increase over time, with a post spin-off aspiration to achieve a 70-75 percent payout ratio over time.

C. Share Issuance and Repurchases

In late 2005, Entergy announced a comprehensive financing plan that included the issuance of $0.5 billion of Equity Units that obligated the holders to purchase a certain number of shares of Entergy common stock for a stated price no later than February 17, 2009. Under the terms of the purchase contracts, Entergy attempted to remarket the notes payable associated with the equity units in February 2009 but was unsuccessful; therefore the note holders put the notes to Entergy, Entergy retired the notes, and Entergy issued 6,598,000 shares of common stock in the settlement of the purchase contracts.

Entergy currently has authority to repurchase shares under three share repurchase programs.

- The first program permits the repurchase of shares to offset the dilutive effects caused by the exercise of stock options held by employees.
- The second program, which was authorized by the Board in January 2007, permitted the repurchase of $1.5 billion of stock. The $1.5 billion program was completed in mid 2009.
- In January 2008, a third program was announced for an incremental $0.5 billion of pre-spin share repurchase authority. This program is part of the anticipated post-spin $1.5 billion share repurchase program as described in ***Section 3***. In mid 2009 $0.5 billion of stock was completed.

As described in ***Section 3***, some proceeds from the recapitalization at the time of the spin-off are expected to be used to repurchase Entergy shares post spin-off.

Table 2 provides a summary of shares issued (pursuant to stock option program and equity linked securities) and shares repurchased (pursuant to authorities described above).

Confidential

D. Refinancing Interest Rates

Table 3 provides the forward interest rate assumptions for refinancing short-term and long-term debt and the interest rate on cash for Entergy Corp.

Confidential

E. Parent Debt and Credit Facilities

The parent company has in place a five-year $3.5 billion revolving credit facility which expires in August 2012. This facility allows Entergy to issue letters of credit against the total borrowing capacity. Borrowings under the revolver facility are included in long-term debt on the balance sheet. This revolver facility is used to support guarantee obligations at Entergy's subsidiary companies. The parent company pays commitment fees on the unused amount of the facility and interest expense on loans under the facility.

The non-utility nuclear business currently has approximately Confidential in guarantees that provide support to power purchase agreement (PPA) counterparties, holders of letters of credit, and assurance to the Nuclear Regulatory Commission (NRC) and insurers. After the spin-off, it is assumed that these financial support arrangements will transfer to Enexus or otherwise terminate.

Confidential

Confidential The draft joint venture formation agreement includes a provision whereby if Entergy is required to post any such form of guarantee or surety, Enexus is required to issue a back to back guarantee to support it because substantially all of the employees participating in these plans are site employees primarily dedicated to Enexus plants.

Total debt issuances and repayments for the updated 2009-2011 business as usual forecast are summarized in ***Table 4***.

Confidential

F. EquaGen Ownership Interest

EquaGen will be a 50/50 joint venture between Entergy and Enexus to, among other things, operate the Enexus nuclear facilities. In addition, Entergy and EquaGen will provide operational services to each other (the majority of these will be services from Entergy to EquaGen); the types of services include contract, project management, engineering, and IT services. Entergy's ownership interest in EquaGen will be accounted for using the Equity Method under Generally Accepted Accounting Principles (GAAP). Earnings from unconsolidated entities are expected to average Confidential per year for Entergy's 50 percent ownership share. The forecast assumes that EquaGen dividends 100 percent of its earnings to Entergy and Enexus over the forecast period.

G. Other Competitive Businesses

Entergy's other competitive businesses consist of Entergy Asset Management (EAM) and the competitive retail business. EAM sells the electric power produced by power plants that it owns to wholesale customers while it focuses on improving performance and exploring sales or restructuring opportunities for its power plants. This non-nuclear wholesale assets business owns approximately 1,350 MW of capacity in five fossil-fueled and two renewable generating units in the U.S. Entergy's competitive retail business includes two components: 1) a fiber networks business (Entergy Technology) and 2) a thermal energy business (District Energy) that owns two chiller facilities - one in New Orleans, Louisiana and one in Houston, Texas.

Consistent with EAM's goals of monetizing assets when opportunities arise, the group sold its 75 percent interest in the Warren Power Plant in 2008. Confidential Confidential Other than this transaction, both EAM and competitive retail are assumed to continue operating as usual in the forecast period.

H. Adjustments to Credit Metrics

Credit metric adjustments are made to exclude the effects of securitized debt associated with storm recovery which was issued or is forecasted to be issued. Adjustments include the debt itself as well as related interest expense and regulatory debit activity.

In order to accurately reflect continuing operations, an adjustment is made to remove special items. Special items are those that are less routine, are related to prior periods, or are related to discontinued businesses. Expenses, a portion of which were incurred in 2008, anticipated in connection with the outside services provided to pursue the spin-off is considered a special item in 2009 as well as dis-synergies associated with the preparations for the spin-off that are reflected in the 2009 business as usual forecast.

Adjustments to Credit Metrics are summarized in ***Table 5***.

Confidential

SECTION 3: SPIN-OFF TRANSACTION

The spin-off is targeted to be completed early 2010. For forecasting purposes, the completion date is assumed to be January 1, 2010. ***Section 3*** describes the transaction steps expected to occur on or around the completion of the spin-off of the non-utility nuclear business.

A. Spin-off Transaction and Financing Steps

Current assumptions for the spin-off and financing transactions are as follows:

- **November 2009** (prior to the spin-off): Entergy issues $2.0 billion in exchangeable debt securities. Entergy uses the proceeds from the $2.0 billion of exchangeable debt securities to satisfy $2.0 billion of its outstanding debt.
- **3Q 2009**: Enexus repays $0.5 billion of intercompany obligations to Entergy using cash on hand.
- **A couple of weeks prior to the spin-off**: Enexus issues $1.5 billion of long-term debt securities and $0.5 billion of cash collateralized term LC facility.
- **Just before spin-off**: Entergy sells Enexus the Pilgrim assets and working capital for approximately $1.0 billion.
- **Upon Spin-off (Assumed January 1, 2010)**:
  - Enexus retains $0.8 billion for working capital and $0.5 billion of cash to offset the cash collateralized term LC facility.
  - Entergy transfers its five wholly-owned non-utility nuclear plants, the affiliate providing management services to the Cooper plant, the fuel purchasing company, and its nuclear power marketing company to Enexus in exchange for 100% of the common stock of Enexus and $2.0 billion of Enexus exchangeable debt securities.
    - Entergy distributes 80.1% of its equity interest in Enexus in the form of shares to Entergy shareholders, who become direct shareholders in Enexus.
    - Entergy distributes the remaining 19.9% of Enexus shares to an escrow account with a trustee designated to vote the shares in accordance with established guidelines and to execute the exchange program at an established time.
    - While the term of the trust will be for 18 months, over a period of approximately 12 months after the spin-off, at Entergy's election, the Enexus common stock in the trust is anticipated to be exchanged for common stock of Entergy pursuant to one or more exchange offers.
    - Any Enexus shares not exchanged would be distributed before the expiration of the trust to Entergy shareholders.

The current financial forecast for the spin-off scenario reflects a total of $3.5 billion of new Enexus long-term unsecured bonds. The long-term unsecured bonds are assumed to be made up of $2 billion of exchangeable securities and $1.5 billion from a direct Enexus offering. Additionally, Enexus will enter into a cash-collateralized term LC facility of up to $0.5 billion to be funded with the proceeds of shorter-term unsecured borrowings. The term LC facility will be used exclusively as collateral support for a bank to issue letters of credit on behalf of Enexus. The terms of the shorter-term unsecured borrowings will include covenants that will restrict the use of proceeds to funding the cash-collateralized term LC facility. Furthermore, if the cash-collateralized term LC facility is terminated prior to the maturity of the shorter-term unsecured borrowings, Enexus will be required to redeem such borrowings. These mechanisms will ensure that the proceeds of the shorter-term unsecured borrowings will be restricted from any use by Enexus other than to be used as collateral support for letters of credit issued on behalf of Enexus. The mix of exchangeable securities and Enexus offering is still under review and subject to change.

Even though the Pilgrim sale and the Enexus debt issuance are expected to occur in 2009, these items are forecasted in 2010 so that the transactions can be easily seen in the financial statements.

B. Utilization of Enexus Financing Proceeds

Entergy's consolidated financial forecasts assume that the parent company receives cash value equal to $3.5 billion. The total cash value received by Entergy is comprised of $2.0 billion in debt reduction from the exchange of Entergy Corp. debt securities for Enexus securities, $1.0 billion proceeds from sale of Pilgrim assets and working capital, and $0.5 billion from repayment of inter-company obligations. Cash proceeds are used to fund share repurchases of $1.5 billion ($0.5 billion of which has already occurred) and Enexus financing proceeds are used to reduce net debt by $2.0 billion, illustrated in ***Table 6.***

Table 6. Sources and Uses of Proceeds from Enexus Financing $ Billion	
Debt reduction from exchange of Entergy Corp. securities for Enexus securities	$2.0
Proceeds from sale of Pilgrim assets and working capital	$1.0
Cash proceeds via payment of intercompany obligations	$0.5
Total Proceeds from Enexus	**$3.5**
Share repurchases 2009-2011	($1.5)
Net reduction in debt balance	**$2.0**

In addition to cash proceeds, Entergy will also receive Enexus shares (see ***Financing Steps*** discussion above).

C. Balance Sheet Assumptions

As a general matter, the allocation of balance sheet accounts will follow the division in the business interests between the utility and non-utility nuclear business similar to how the assets have been historically separated between divisions. Other impacts include adjustment of net operating losses (NOLs) from Entergy's current tax allocation procedures (to the amount Enexus is allocated upon spin-off pursuant to treasury regulations). These amounts and estimates will change as the transaction evolves. Other non-recurring charges may be incurred for issues such as potential benefits charges relating to stock options, retirement benefits transitioned by Entergy for Enexus and EquaGen employees, and/or gains or losses associated with the debt swap. Although charges may be required in connection with the spin-off, the amounts and details are not yet known as these elements of the transaction have not yet been finalized.

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ENEXUS ENERGY CORP.
ASSUMPTIONS DOCUMENTATION

FOUR-YEAR FINANCIAL FORECAST
SPIN-OFF SCENARIO

October 2009

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FORWARD LOOKING STATEMENT

Enexus Energy Corporation's (Enexus') reports, including this Confidential Enexus Energy Corporation financial forecast assumptions documentation, filings, and other public announcements may contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements." You can typically identify forward-looking statements by the use of forward-looking words, such as "may," "will," "could," "project," "believe," "anticipate," "expect," "estimate," "continue," "potential," "plan," "forecast," or other similar words. Those statements represent Enexus' intentions, plans, expectations, assumptions, and beliefs about future events and are subject to risks, uncertainties, and other factors. Many of those factors are outside Enexus' control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. Those factors include the following:

- Enexus' ability to manage its operation and maintenance costs, including through EquaGen;
- Changes in regulation, including the application of market power criteria by the Federal Energy Regulatory Commission (FERC);
- The economic climate and, particularly, growth in the Northeast United States;
- Variations in weather and the occurrence of storms or disasters;
- The performance of Enexus' generating plants and, particularly, the capacity factors at its nuclear generating facilities;
- Changes in the financial markets during the periods covered by the forward-looking statements, particularly those affecting the availability of capital and Enexus' ability to refinance existing debt, execute share repurchase programs, and fund investments and acquisitions;
- Actions of rating agencies, including the ratings of debt, general corporate ratings, and changes in the rating agencies' ratings criteria;
- Changes in inflation and interest rates;
- Enexus' ability to develop and execute on a point of view regarding future prices of energy-related commodities;
- Enexus' ability to purchase and sell assets at attractive prices and on other attractive terms;
- Prices for power generated by Enexus' generating facilities; the ability to hedge, sell power forward, or otherwise reduce the market price risk associated with those facilities; and Enexus' ability to meet credit support requirements for fuel and power supply contracts;
- Volatility and changes in markets for electricity, natural gas, uranium, and other energy-related commodities;
- Changes in regulation of nuclear generating facilities and nuclear materials and fuel, including possible shutdown of nuclear generating facilities, particularly those in the Northeast United States;
- Uncertainty regarding the establishment of interim or permanent sites for spent nuclear fuel storage and disposal;
- Resolution of pending or future applications for license extensions or modifications of nuclear generating facilities;
- Changes in law resulting from new federal or state energy legislation;
- Changes in environmental, safety, tax, or other laws or regulatory mandates to which Enexus and its subsidiaries are subject;
- Advances in technology;
- The potential effects of threatened or actual terrorism and war;
- The effects of litigation and government investigations;
- Changes in accounting standards and corporate governance;
- Enexus' and EquaGen's ability to attract and retain talented management and directors;
- The outcomes of litigation and regulatory investigations, proceedings, or inquiries;
- The results of financing efforts including Enexus' ability to obtain financing on favorable terms, which can be affected by various factors including Enexus' credit ratings and general economic conditions;

- Declines in the market prices of equity securities and resulting funding requirements for Enexus' defined benefit pension plans;
- Changes in the results of the decommissioning trust fund earnings or in the timing of or cost to decommission;
- The ability to successfully complete merger, acquisition, or divestiture plans; regulatory or other limitations imposed as a result of a merger, acquisition, or divestiture; or the success of the business following a merger, acquisition, or divestiture;
- The final resolutions or outcomes with respect to Enexus' contingent and other corporate liabilities related to the non-utility nuclear business and any related actions for indemnification made pursuant to the Separation and Distribution Agreement;
- Enexus' ability to operate effectively as a separate, publicly-traded company; and
- The costs associated with becoming compliant with the Sarbanes-Oxley Act of 2002 as a stand-alone company and the consequences of failing to implement effective internal controls over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002 by the date that Enexus must comply with that section of the Sarbanes-Oxley Act.

In light of these risks, uncertainties, and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than Enexus has described. Enexus undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

SECTION 1 INTRODUCTION

In November 2007, Entergy Corporation's (Entergy's) Board of Directors approved a plan to pursue separation of its non-utility nuclear business and to enter into a nuclear services joint venture with the spun-off entity. This document provides the assumptions used to develop the financial forecasts for Enexus Energy Corporation (Enexus) – the business planned to be spun-off. Enexus' primary assets include the generation portfolio of six nuclear power units, the management services contract for the Cooper Nuclear Station, and a power marketer. Under the plan, a joint venture company, EquaGen LLC (EquaGen), will be formed to, among other things, operate Enexus nuclear facilities. EquaGen's ownership will be split 50/50 between Enexus and Entergy. Completion of these transactions is targeted to occur in the beginning of the first quarter of 2010.

The forecast for Enexus includes:

- The non-utility nuclear fleet consisting of J.A. FitzPatrick (JAF), Indian Point 2 (IP2), Indian Point 3 (IP3), Palisades, Pilgrim, and Vermont Yankee (VY);
- The entity that provides management services to the Cooper Nuclear Station; and
- Entergy Nuclear Power Marketing (ENPM).

The forecast also includes assumptions for the nuclear services business, EquaGen, that will operate the Enexus fleet and provide operational and management services to other third parties. Results for EquaGen are assumed to be consolidated with Enexus' results since Enexus will be the primary beneficiary of EquaGen.

Financial forecasts include an income statement, a balance sheet, and a cash flow statement. These financial statements begin with the completion of the separation (which for forecasting purposes is assumed for January 1, 2010) and extend through 2013. A description of the major components of the Enexus financial forecasts is described in ***Table 1.***

Table 1. Description of Forecast Components

Business	Description
Enexus	Enexus Energy Corporation, whose primary assets include six wholly owned non-utility nuclear units located in the Northeast and Midwest, the Cooper management services agreement, and a nuclear power marketing company. In addition, Enexus will have a 50% ownership share in EquaGen, whose results are consolidated into Enexus' financial statements.

SECTION 2 ENEXUS BUSINESS: OPERATING ASSUMPTIONS

Under the planned structure for the spin-off of Entergy's non-utility nuclear business, Enexus will own and operate six nuclear power units located in the Northeastern and Midwestern United States selling the electricity produced by those units to primarily wholesale customers. This business will also include a contract to provide nuclear power plant management services to a seventh unit in the Midwestern United States.

Following are assumptions for Enexus' financial forecast beginning at the assumed spin-off date of January 1, 2010. For comparison purposes, operating assumptions include 2009 data (when the non-utility nuclear business is included in Entergy's forecast).

A. EquaGen Accounting

EquaGen will be a 50/50 joint venture between Entergy and Enexus to, among other things, operate the Enexus facilities. Results for EquaGen are expected to be consolidated into Enexus. The non-owned portion of EquaGen's results is shown in the Miscellaneous-Other Net line in the Other Income section of the income statement, in Other Long Term Liabilities and Retained Earnings on the balance sheet, and Dividends Paid in the financing section of the cash flow statement. EquaGen is expected to dividend 100 percent of its net income to its owners (Entergy and Enexus) beginning in 2010.

B. Palisades

Entergy acquired the Palisades Nuclear Power Plant on April 11, 2007. The acquisition included a below-market power purchase agreement (PPA). Generally Accepted Accounting Principles (GAAP) required that the below-market PPA be recognized as part of the consideration paid for the plant, resulting in a plant value higher than the purchase price. This is offset by an Other Non-Current Liability, which is amortized to revenue based on the difference between the PPA pricing and the market curve at close. As a result, revenue recorded over time is consistent with market prices at the time of close. This revenue difference is offset by higher depreciation and, over time, the two net to zero.

C. Operating Assumptions

Table 2 summarizes the energy output, capacity factor, and refueling outage days assumed in the forecast. Cash refueling outage costs range from Confidential million per outage, depending on the duration of the outage and the scope of work scheduled to be completed. VY and Palisades are on an 18 month refueling outage schedule; all other units are on a 24 month refueling outage schedule. Cash outage costs are amortized over the succeeding period between outages.

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Totals may not foot due to rounding.

D. Energy and Capacity Sold Forward

Historically, Entergy has sold the majority of its non-utility nuclear output under unit contingent contracts. Enexus will assume these contracts at spin-off date. Most of these contracts are short-term (ranging from one

to two years), except for two long-term PPAs entered into as part of the acquisitions of VY and Palisades. For those two plants, the majority of the plants' output was sold to the original owners for an extended period - through 2012 for VY and through 2022 for Palisades. For the Enexus fleet, there are currently approximately 100 active contracts with 20 counterparties.

Table 3 summarizes assumptions on energy and capacity sold.

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A portion of the plants' output is sold in the spot and day-ahead markets, and is therefore subject to market volatility. Some of the currently-open positions summarized in ***Table 4*** are expected to be contracted in the future.

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Energy and capacity revenues, by region and by hedge position, are summarized in ***Table 5*** and ***Table 6.***

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1. Revenue for amounts sold under bundled energy and capacity contracts are priced on $/MWh basis and included in ***Table 5***.
Totals may not foot due to rounding.

As detailed in ***Table 7***, energy sales make up the largest component of revenues, accounting for about 93 percent of revenues in the current forecast period. The balance is attributable to capacity. ***Table 7*** excludes non-cash revenues from the Palisades below market PPA (described in ***Section 2-B***).

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E. Nuclear Hedging Strategy

Enexus' hedging strategy is designed to manage risk in a manner that is consistent with its business strategy and risk tolerance. Its hedging strategy is periodically reviewed considering the following factors:

- Cash flow stability,
- Capital structure and credit support requirements,
- Financial aspirations,
- Cash operating costs,
- Layering of contracts to avoid market timing risk,
- Liquidity in the hedging marketplace,
- Market point of view,
- Customer relationships, and
- Counterparty credit risk and various other factors.

Enexus targets to hedge its nuclear generation portfolio at least 50% on a rolling basis. Specifically, this approach will target approximately 75%, 50% and 25% of output hedged as of the beginning of the prompt year, prompt plus one year, and prompt plus two years respectively. This approach will guide the size and duration of hedging contracts, especially as existing contracts expire. Hedging controls and governance processes will be applied by the Chief Risk Officer. Risk exposure will be monitored on an ongoing basis.

F. Revenue Sharing Payments

Power purchase agreements (PPAs) between Entergy and the New York Power Authority (NYPA) for the IP3 and JAF units include value sharing agreements. The value sharing agreements were amended by the parties on October 3, 2007. Based on these new agreements, the forecast includes estimated value sharing payments of Confidential for all years in the forecast. These payments reflect maximum possible

amounts and are only estimates; actual payments could be lower and will be based on actual electricity production at the IP3 and JAF units. Entergy and NYPA have agreed that any payments due to NYPA under the amended value sharing agreements will continue despite the proposed reorganization. This agreement takes effect when that reorganization closes. Assuming continued ownership of IP3 and JAF by Entergy or an Entergy affiliate, the payments are expected to continue through 2014.

There is also a revenue sharing agreement associated with the VY plant, providing for payments to the seller in the event that the plant's operating license is extended beyond its original expiration in 2012. Under this value sharing agreement, to the extent the average annual price of the energy sales from the plant exceeds the specified strike price, initially $61/MWh and then adjusted annually based on three indices, Entergy will pay 50 percent of the amount exceeding the strike prices to the seller. These payments, if required, will be recorded as adjustments to the purchase price of the plant. The value sharing payments would begin in 2013 and extend into 2022.

Value sharing payments are treated as adjustments to the acquisition price paid for each of the units. As such, these payments are included in the investing section of the cash flow statement. Earnings effects will be realized through increased depreciation in future periods.

G. Other Service Revenues

The non-utility nuclear business provides management and consulting services to affiliate and third party nuclear owners that require expertise in the areas of operations, decommissioning, and license renewal. The most significant of these third party contracts is with the Nebraska Public Power District for the Cooper Nuclear Station. This contract will transfer to Enexus upon the spin-off; all other contracts will transfer to EquaGen. Under the terms of the Cooper agreement, Enexus will receive annual payments of Confidential reimbursement of costs, and has the opportunity to earn incentives up to Confidential per year through the end of the contract in 2014.

Table 8 summarizes the sources for Enexus and EquaGen Other Revenue reflected in Enexus' consolidated financial forecast. These revenues are partially offset by operating costs described in ***Section 2-I.***

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H. Fuel Expense

Fuel expense assumptions, as summarized in ***Table 9***, are based on existing fuel procurement contracts and inventories complemented by the market point of view for fuel component requirements that are not yet contractually committed. Based upon currently planned fuel cycles, the non-utility nuclear business has a diversified portfolio of contracts and inventory that provides substantially adequate nuclear fuel materials and conversion and enrichment services through 2010 and includes some commitments beyond that date. Future commitments will be made pursuant to strategies considering current and expected market conditions, continued portfolio diversification, and balancing costs and risks. Most of the existing committed supply has relatively fixed pricing (either fixed, already in hand, or base price escalated with indices). Nevertheless, the pricing of a substantial and growing share of future nuclear fuel supply is subject to market price variability. The existing portfolio provides a degree of price hedging against the full extent of market realities for several years, but the market price fluctuations will affect fuel expense in the forecast period.

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I. Non-fuel Operations and Maintenance Expense

Non-fuel operations and maintenance (O&M) expense is comprised of primarily labor and related costs. An annual wage inflation rate of approximately Confidential is assumed in the forecast. Other drivers for O&M expense include increased spending for contracted security services, regulatory and license fees, and pension and benefits. Actions taken to manage O&M increases will continue to focus on obtaining efficiencies through the alignment process that was implemented in 2007. Expense estimates reflect full staffing at Enexus as of January 1, 2010 (assumed date for the spin-off). ***Table 10*** summarizes non-fuel O&M expense included in the forecast.

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J. Capital Investment

The capital spending plan is divided into three categories, as shown in ***Table 11***. Base capital includes routine projects that are required to maintain the operating capability of the units. Incremental projects are longer-term projects which vary by year. Major incremental projects include dry fuel storage, license renewal, component replacements (e.g., feedwater heaters, transformers, reactor heads, and condensers), recommendations from the Indian Point Independent Safety Evaluation, and security modifications in 2009 and 2010 mandated by the Nuclear Regulatory Commission for all nuclear plants operating in the United States. The 2009 and 2010 capital also includes approximately Confidential respectively, for capital associated with system applications for the planned spin-off.

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K. Decommissioning

Nuclear decommissioning assets and liabilities for Pilgrim, IP2, VY, and Palisades are reflected on Enexus' balance sheet. NYPA retains decommissioning trusts for IP3 and JAF.

Forecasted decommissioning expense for Enexus, summarized in ***Table 12***, is recorded based on the annual change in the present value of the estimated future decommissioning liability. Trust assets are projected to be sufficient to meet fleet decommissioning obligations.

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In the first half of 2009, Entergy recorded an Other Than Temporary Impairment of approximately $46 million associated with decommissioning fund assets. Other Than Temporary Impairments are recorded when the fair value of any investment in the decommissioning trust fund has been below the cost of the investment for a period greater than nine months. These impairments result in a re-class of unrealized earnings from the balance sheet to the income statement. With the potential for continued market declines and volatility, potential for additional impairments exists. However, additional impairments or contributions are not included in the forecast.

Financial Assurance for Decommissioning - Each reactor licensee must certify to the NRC (through filings at least biennially) that it will provide decommissioning funding assurance by setting aside funds (or other acceptable methods of financial assurance) in an amount which would be sufficient to pay decommissioning costs (not less than that prescribed by the NRC) at the time operations terminate. Entergy made this NRC filing for all plants in its fleet in March 2009.

The NRC notified Entergy that three of its non-utility plants had projected fund balances less than the NRC minimum requirement (using NRC formulas) under the current licensed operating life. The shortfalls as indicated by the NRC are as follows: Palisades ~$12 million, IP2 ~$39 million, and VY ~$87 million.

The NRC required the licensees to provide plans that address the shortfall in a written response to the NRC due August 13, 2009. The NRC is also requiring implementation of the plans by December 31, 2009. The current plans for each plant are different:

1) **Palisades** – the trust balance had grown sufficiently from December 31, 2008 to July 31, 2009 such that the shortfall was eliminated. The letter to the NRC indicated this and that no additional form of assurance is required.
2) **IP2** – the letter to the NRC indicated that Entergy is a relying on the SAFSTOR option and that this assumption eliminates the need for additional financial assurance.
3) **VY** – the response is non-specific on the form of financial assurance the licensee (ENVY LLC) will obtain for its shortfall, but indicates that it will have the necessary assurance in place by December 31, 2009.

Entergy filed the responses with the NRC on behalf of the licensees. The responses also indicated that after the license transfer from Entergy to Enexus, VY will look to Enexus to provide any assurance that might have been provided by Entergy in the interim.

L. Pension Contributions

Pension and post-retirement obligations on Enexus' balance sheet reflect obligations associated with EquaGen and Enexus employees. These amounts are shown in ***Table 13***.

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SECTION 3 ENEXUS BUSINESS: TRANSACTION AND FINANCING ASSUMPTIONS

This section describes the transaction steps, including the financing plan assumptions for Enexus, which are expected to occur on or around the completion of the spin-off of the non-utility nuclear business.

A. Spin-off Transaction and Financing Steps

Current assumptions for the spin-off and financing transactions are as follows:

- **November 2009** (prior to the spin-off): Entergy issues $2.0 billion in exchangeable debt securities. Entergy uses the proceeds from the $2.0 billion of exchangeable debt securities to satisfy $2.0 billion of its outstanding debt.
- **3Q 2009**: Enexus repays $0.5 billion of intercompany obligations to Entergy using cash on hand.
- **A couple of weeks prior to the spin-off**: Enexus issues $1.5 billion of long-term debt securities and $0.5 billion of cash collateralized term LC facility.
- **Just before spin-off**: Entergy sells Enexus the Pilgrim assets and working capital for approximately $1.0 billion.
- **Upon Spin-off (Assumed January 1, 2010)**:
  - Enexus retains $0.8 billion for working capital and $0.5 billion of cash to offset the cash collateralized term LC facility.
  - Entergy transfers its five wholly-owned non-utility nuclear plants, the affiliate providing management services to the Cooper plant, the fuel purchasing company, and its nuclear power marketing company to Enexus in exchange for 100% of the common stock of Enexus and $2.0 billion of Enexus exchangeable debt securities.
    - Entergy distributes 80.1% of its equity interest in Enexus in the form of shares to Entergy shareholders, who become direct shareholders in Enexus.
    - Entergy distributes the remaining 19.9% of Enexus shares to an escrow account with a trustee designated to vote the shares in accordance with established guidelines and to execute the exchange program at an established time.
    - While the term of the trust will be for 18 months, over a period of approximately 12 months after the spin-off, at Entergy's election, the Enexus common stock in the trust is anticipated to be exchanged for common stock of Entergy pursuant to one or more exchange offers.
    - Any Enexus shares not exchanged would be distributed before the expiration of the trust to Entergy shareholders.

The current financial forecast for the spin-off scenario reflects a total of $3.5 billion of new Enexus long-term unsecured bonds. The long-term unsecured bonds are assumed to be made up of $2 billion of exchangeable securities and $1.5 billion from a direct Enexus offering. Additionally, Enexus will enter into a cash-collateralized term LC facility of up to $0.5 billion to be funded with the proceeds of shorter-term unsecured borrowings. The term LC facility will be used exclusively as collateral support for a bank to issue letters of credit on behalf of Enexus. The terms of the shorter-term unsecured borrowings will include covenants that will restrict the use of proceeds to funding the cash-collateralized term LC facility. Furthermore, if the cash-collateralized term LC facility is terminated prior to the maturity of the shorter-term unsecured borrowings, Enexus will be required to redeem such borrowings. These mechanisms will ensure that the proceeds of the shorter-term unsecured borrowings will be restricted from any use by Enexus other than to be used as collateral support for letters of credit issued on behalf of Enexus. The mix of exchangeable securities and Enexus offering is still under review and subject to change.

Even though the Pilgrim sale and the Enexus debt issuance are expected to occur in 2009, these items are forecasted in 2010 so that the transactions can be easily seen in the financial statements.

B. Debt Facilities

In the financial forecast, Enexus' long-term debt includes $3.5 billion of long-term unsecured bonds issued in conjunction with the spin as described in ***Section 3-A***. The $3.5 billion of Enexus long-term unsecured bonds that are expected to be in place at the spin date are assumed to have a tenor beyond the five year forecast period at an average interest rate of nine percent. All debt security issuances are assumed to be non-amortizing, with a balloon principal payment due at the end of the tenor.

Enexus is also assumed to have a senior secured revolving credit facility in the amount of $1.2 billion (see ***Table 17***). Other liquidity credit facilities may be closed before or shortly after the completion of the spin-off of Enexus, such as the cash collateralized term LC facility. Alternative hedging liquidity mechanisms, such as commodity collateral revolver and direct liens, are also under consideration.

Debt issuances and retirements over the forecast period are summarized in ***Table 14.***

Table 14. Enexus Financings
$ Millions

	2010	2011	2012	2013
Debt Issuances				
Enexus debt securities issued as result of the debt exchange with Entergy	2,000 (1)	-	-	-
Enexus debt securities	1,500(2)	-	-	-
Other liquidity facilities	500	-	-	-
Total	**4,000**	**-**	**-**	**-**
Debt Retirements				
NYPA debt and other	30	31	28	18
Total	**30**	**31**	**28**	**18**

(1) Exchangeable debt issuance is reflected on Entergy's cash flow statement and is not reflected on the Enexus cash flow statement; however these notes are reflected on Enexus' balance sheet.
(2) Enexus debt issuance expected to occur in 2009, but this item is forecasted in 2010 so that the transactions can be easily seen in the financial statements.

In addition to the debt issuances described in ***Table 14***, Enexus forecast includes the seller financing provided by NYPA for the purchases of IP3 and JAF. This debt (including current and non-current portions) is expected to total $192 million at the end of 2009. Interest and other charges reflect interest at the rate of 4.8 percent on the outstanding balance of the NYPA debt. In 2009-2013, annual principal payments average approximately $25 million. Principal payments continue to decline annually thereafter until the debt matures in 2035.

C. Liquidity Facilities

Enexus' liquidity requirements consist primarily of hedging-related credit support, miscellaneous letters of credit, and general capital needs, as summarized in ***Table 15 and Table 16***. Following the spin-off, existing Entergy guarantees that satisfy most of the credit support requirements will be replaced by a number of structures, including but not limited to letters of credit, cash, guarantees issued by Enexus, and liens on Enexus' property.

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As shown in ***Table 16***, liquidity requirements on day one are expected to total approximately Confidential for hedging related needs, working capital, and other items.

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On December 23, 2008, Enexus executed a $1.2 billion, three-year senior secured revolving credit facility. In addition, to support the expected liquidity needs for the nuclear business, the financial forecast assumes that Enexus will obtain other liquidity facilities in an amount up to $500 million. Additional alternative hedging liquidity mechanisms, such as a commodity collateral revolver and/or direct liens, are also under consideration. The revolving credit facility has been extended in the fall of 2009, and is assumed to be renewed in December 2011. The credit facility and the cash collateralized term LC facility are assumed to support the non-utility nuclear assets liquidity requirements described in ***Table 16.*** Debt issuance and credit facility costs and the cost for counterparties to convert to direct liens are forecasted to total approximately $160 million, a portion of which was paid in 2008 when the Enexus revolver credit agreement was executed and in 2009 when the credit facility was extended.

Table 17. Enexus Liquidity Facilities $ Millions		
Tranches	**Amount**	**Amortization**
Senior Secured Revolving Credit Facility	1,200	None
Other liquidity facilities	500	None

The cash collateralized term LC facility is included in the forecasted balance sheet as Cash and Cash Equivalents and Debt, as summarized in ***Table 18.***

Table 18. Other Liquidity Facility $ Millions				
	2010	**2011**	**2012**	**2013**
End of year balance	500	500	500	500

D. Share Repurchases

The forecast reflects the assumption that Enexus will distribute earnings through share repurchase programs. Initially Enexus is not expected to pay a dividend. Share repurchases assumed in the Enexus forecast are summarized in ***Table 19,*** subject to projected limitation associated with restricted payment covenants in Enexus credit facilities.

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E. Adjustments to Credit Metrics

Credit metrics have been adjusted to exclude debt associated with the other liquidity facilities. While this facility is reflected as long-term debt on the balance sheet, the cash proceeds from borrowings under this facility will be used to back letters of credit (LOCs) issued for non-commodity credit support needs. The effect of this is similar to LOCs issued under revolving credit facilities and therefore are excluded from debt for the purposes of calculating credit metrics. The adjustment by year is summarized in ***Table 20***.

Table 20. Credit Metric Adjustments				
$ Millions				
	2010	**2011**	**2012**	**2013**
Other liquidity facility adjustment to debt	500	500	500	500

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Appendix 2

Entergy Regulatory Commission Orders

(Omitted see Attachment A.PSB:EN-27.3)

November 2009

Appendix 3

Scenarios Summary (September 17, 2009)
Attachment to Response to DPS-31

November 2009

Questions #4 and #5

Stress Scenario Analysis

November 2009

INTRODUCTION

The purpose of this memorandum is to respond to questions #4 and #5 and to provide supplemental requested information to support Petitioners' conclusion that Enexus' capabilities will be at least as good as Entergy's capabilities under current and future circumstances.

In addition to previously supplied information for Enexus, the memorandum provides scenario analyses for Entergy and compares Entergy's and Enexus' financial capabilities to meet the New York Facilities' needs.

SUMMARY CONCLUSIONS

- Entergy and Enexus are both able to operate the New York Facilities under their own free cash flow, liquidity facilities and cash on hand (without the need for new external financing other than bank facility refinancings) under extremely challenging and stressful conditions.

- Importantly, to appropriately compare Entergy to Enexus under a complete set of reasonably probable circumstances, Petitioners have also presented a scenario in which Entergy is confronted with a hurricane concurrent with Trial Staff's extreme case stress scenario. *****BEGIN INFORMATION CLAIMED EXEMPT***** [redacted] *****END INFORMATION CLAIMED EXEMPT*****

- In addition, unlike Enexus, Entergy faces other meaningful constraints and risks not captured in the financial forecasts that could prevent it from providing the financial support needed by the New York Facilities in stress circumstances. These constraints include, but are not limited to, prohibitions on cross-subsidization of non-utility operations, the substantial current and future capital needs of Entergy's regulated utility subsidiaries, credit rating risk, fiduciary obligations and potential future storm restoration costs. As further described and highlighted in Appendix 2, a number of regulatory settlement agreements expressly impose restrictions on Entergy's ability to allocate financial resources to the New York Facilities. Such restrictions exist whether or not stress scenarios as defined by Staff materialize and are of significant concern in the current and future environment of rising capital demands of the Entergy utilities.

I. Financial Forecast Scenario Analysis

STRESS SCENARIOS OVERVIEW

Three stress scenarios involving a combination of adverse conditions have been analyzed and are described below:

A. *Unforeseen extreme event over 4 years and lower power prices (Extreme Stress Scenario)* – this scenario assumes that power prices are 20% lower than in the base case through the 4 year forecasted period, combined with an assumption of $800 million of additional capital expenditures over the 4 year forecast period. Note that no consideration is given regarding the economic viability of such capital investments.

B. *Extreme Stress Scenario plus additional Entergy hurricane stress.* Concurrent with the Unforeseen extreme event described above in A, this scenario assumes Entergy's Gulf Coast utilities are subjected to major storm restoration costs in year 2011

C. *Unforeseen extreme event over 4 years and current market prices (Extreme Event with Current Market Prices)*- this scenario assumes current market prices through the 4 year forecast period, combined with an assumption of $800 million of additional capital expenditures over the 4 year forecasted period. Note that no consideration is given regarding the economic viability of such capital investments.

BASE CASE SCENARIO RESULTS

The following represents a comparison of Enexus and Entergy base cash financial projections. The comparison is based on two key measures.

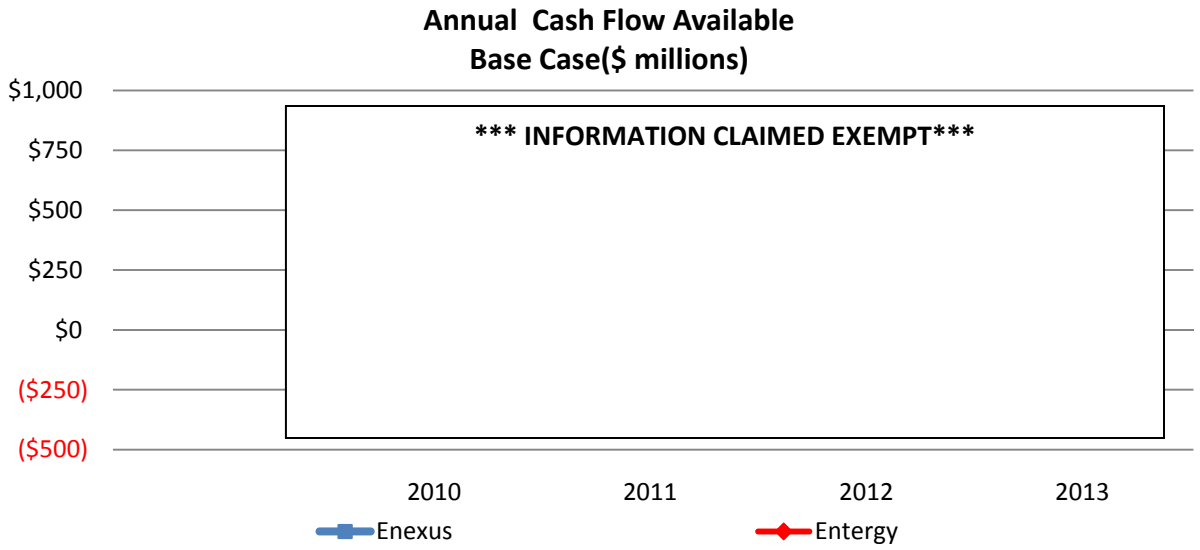
1. Cash Flow Available[1] — here defined as GAAP Operating Cash Flow (which includes net income, non-cash items in income, and working capital impacts) less GAAP Investing Cash Flow (which includes capital spending, fuel purchases and reinvestment of decommissioning fund earnings) less dividend payments. This measure is useful for assessing the cash generated (or used) by the enterprise in a particular period.

2. Available Liquidity — here defined as unrestricted cash on the balance sheet, available capacity under corporate bank facilities and, in the case of Enexus only, available secured borrowing authority.[2] This is the available liquidity and secured borrowing authority remaining at the end of the year.

The Base Case Cash Flow Available comparison below shows the Cash Flow Available of Enexus and the Cash Available of Entergy *as a consolidated entity including its utility operations*.

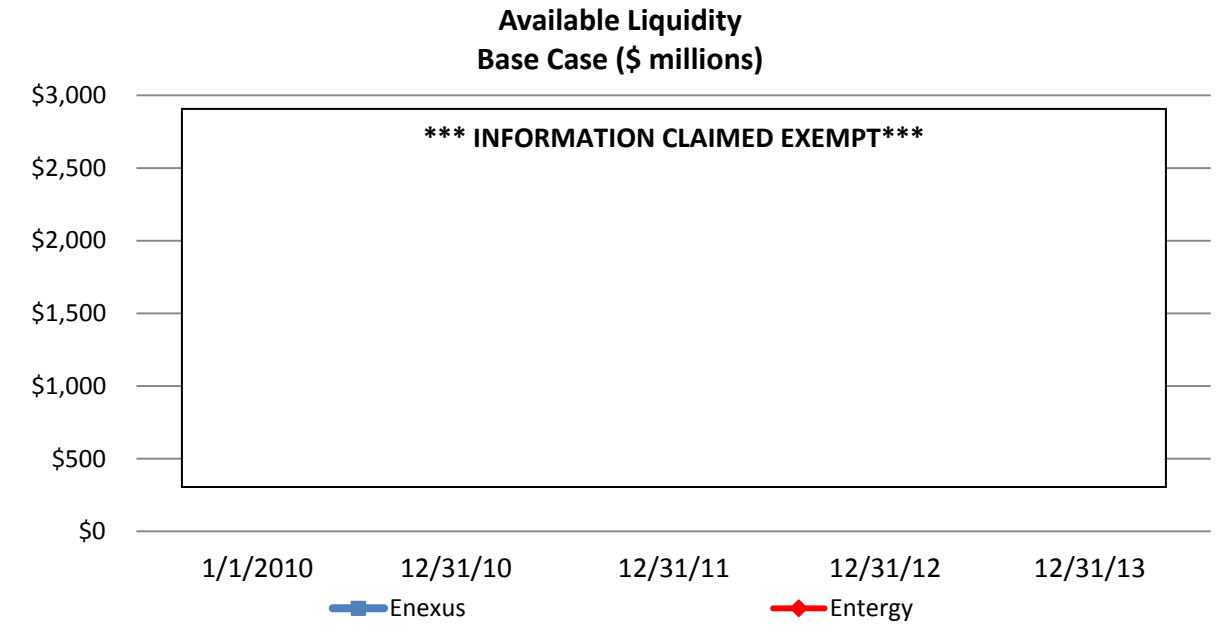
The comparison shows that Enexus will have positive Cash Flow Available in all years of the forecast period. Entergy's Cash Flow Available will be positive on average, *****BEGIN INFORMATION CLAIMED EXEMPT***** [redacted] *****END INFORMATION CLAIMED EXEMPT*****

[1] This measure was referred to as Free Cash Flow in previous scenarios analyses submitted to Staff.
[2] Additional secured borrowing authority of the Entergy utilities is not available for Entergy Corporation to support the New York Facilities.



The Base Case Available Liquidity comparison is shown below. Entergy's available liquidity and secured borrowing authority does not include the additional secured borrowing authority of the Entergy utilities operating companies because it is not available to be used to support the non-utility nuclear business.

The comparison shows that both Enexus and Entergy will maintain ample amounts of liquidity with which to operate the New York Facilities in all years of the forecast period although Enexus will have greater amounts of liquidity and secured borrowing authority in most years of that period.



EXTREME STRESS SCENARIO RESULTS

Under the Extreme Stress Scenario (Scenario 11), without giving consideration to the economics of the scenario (i.e., whether the investment is cost justified taking into account the cost of capital) both Entergy and Enexus "metrics", while deteriorating, do not exhibit undue financial distress.

It should be noted, however, that the type of scenario where substantial additional investment in the non-utility nuclear business is required could have adverse credit rating implications for Entergy. The potential adverse impact on the credit ratings of a utility like Entergy that owns both regulated retail operations and non-utility nuclear operations was cited recently by the Maryland Public Service Commission in an order requiring Constellation Energy Group, Inc. ("CEG") to implement stringent ring fencing measures to protect Baltimore Gas & Electric Company ("BGE") , its regulated retail subsidiary, in connection with CEG's sale of half of its non-utility nuclear business, Constellation Energy Nuclear Group, LLC ("CENG") to Électricité de France.[3] The Maryland Commission found the companies' increasing commitment to the non-utility nuclear business created new risks for BGE's credit rating: "The Transaction increases the competition for capital within CEG and creates new risks to BGE's credit rating, and the Companies' increasing commitment to nuclear energy only raises the stakes."[4] The Commission explained:

> Even before this Transaction, capital within CEG was 'scarce' by CEG's own reckoning. This matters for ratepayers because inadequate capital affects BGE's ability to fund the amounts necessary to maintain safe and reliable distribution systems and reduces BGE's equity ratio, which in turn can damage BGE's credit rating. Much has been made in this case of the role of credit rating agencies and their perceptions of CEG, BGE, this Transaction and the regulatory climate in Maryland. BGE's credit rating is important to ratepayers. The lower BGE's credit rating, the harder it is for BGE to obtain capital to fund its operations, which increases BGE's borrowing costs and creates pressure to collect more revenue through rates. To the extent, then, that the Transaction creates greater competition for capital within the CEG corporate family - or, put another way, if CEG is not investing enough in BGE, or if CEG treats BGE as a source of capital for its other operations - ratepayers face the possibility of diminished service quality and higher rates. Since BGE's credit rating is tied closely to CEG's - BGE's rating was downgraded in September 2008, when CEG was downgraded - CEG's corporate decisions and behavior place BGE's rating, and thus BGE's ratepayers,

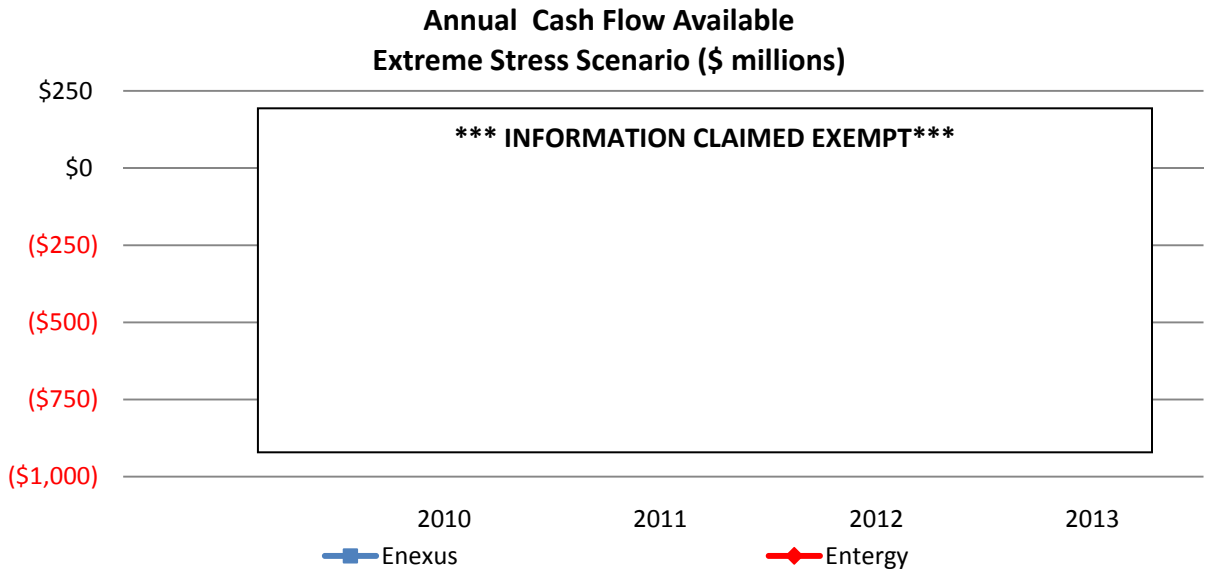
[3] Order No. 82986, In the Matter of the Current and Future Financial Condition of Baltimore Gas and Electric Co. (Maryland Public Service Commission (October 30, 2009).

[4] Id. at 4.

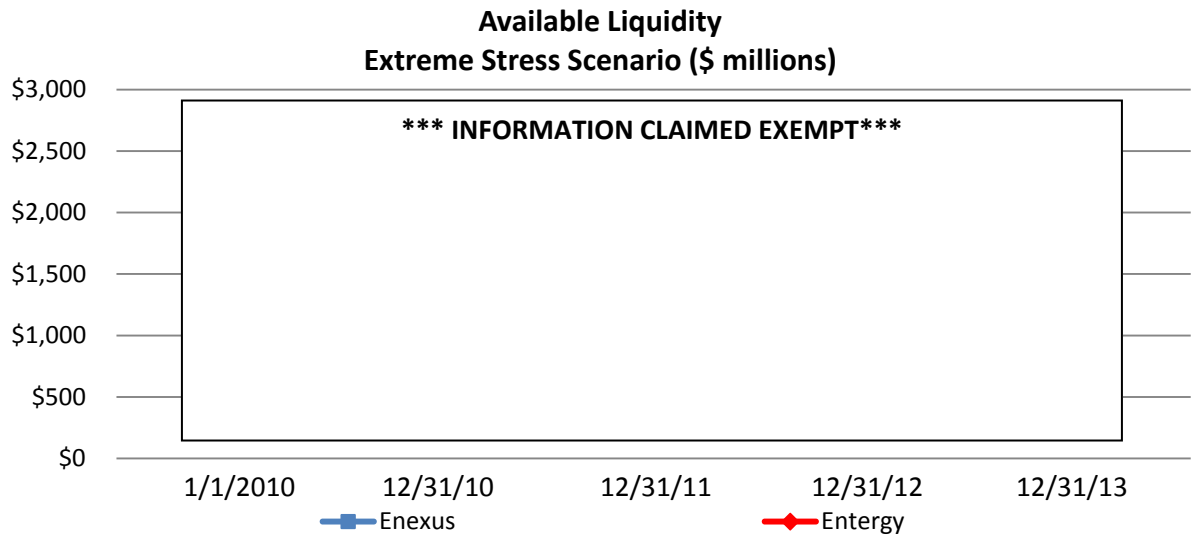
at risk. CEG's increasing commitment to nuclear power, a business rating agencies find risky at best, only magnifies the risk to BGE.[5]

This reasoning applies equally to a significant increased capital commitment by Entergy to its non-utility nuclear operations, as would be the case in the stress scenarios analyzed herein. Therefore, it is our opinion that in stress scenarios the agencies would at a minimum put the entire Entergy business (the parent company and its utility subsidiaries) on negative watch and then depending upon Entergy's actions determine whether to downgrade the credit rating(s) of one or more Entergy entities. As Petitioners explained in their Initial Comments, Entergy's commitment to a significant capital allocation to the non-utility nuclear business is likely to be viewed as having a negative impact on its credit rating by the rating agencies. See Petitioners' Initial Comments at p. 21.

Setting aside the potential negative impact on Entergy's credit rating from the posited $800 million additional investment in the non-utility nuclear business, the Extreme Stress Scenario has a clear detrimental impact on the Cash Flow Available of both companies. But the most important metric, liquidity, is adequately maintained by both companies in this scenario – assuming no other stresses.



[5] Id. at 41-42.


Available Liquidity
Extreme Stress Scenario ($ millions)
$3,000
$2,500
$2,000
$1,500
$1,000
$500
$0
*** INFORMATION CLAIMED EXEMPT***
1/1/2010
12/31/10
12/31/11
12/31/12
12/31/13
Enexus
Entergy

EXTREME STRESS SCENARIO RESULTS WITH ADDITIONAL ENTERGY HURRICANE STRESS

Under the extreme stress scenario, Entergy could also face a reasonably probable additional stress in the form of another major hurricane that the non-utility nuclear business would not face under Enexus' ownership. In that situation, Entergy would have to provide liquidity priority to the operating utility company subsidiaries for a variety of items, including fuel, purchased power expenses, capital and storm restoration costs.

Additionally, Entergy would have to maintain the credit ratings and credit quality at all of the utility subsidiaries and the parent in order to avoid escalating the financial stress it would face in this scenario. Entergy likely would accomplish this by a variety of measures, including measures such as deferring or eliminating capital investment in the non-utility nuclear business.

In this scenario, the combination of the liquidity issues, financial stress and storm restoration costs, together with the need to invest in the non-utility business, would likely be seen as very negative by the credit rating agencies.

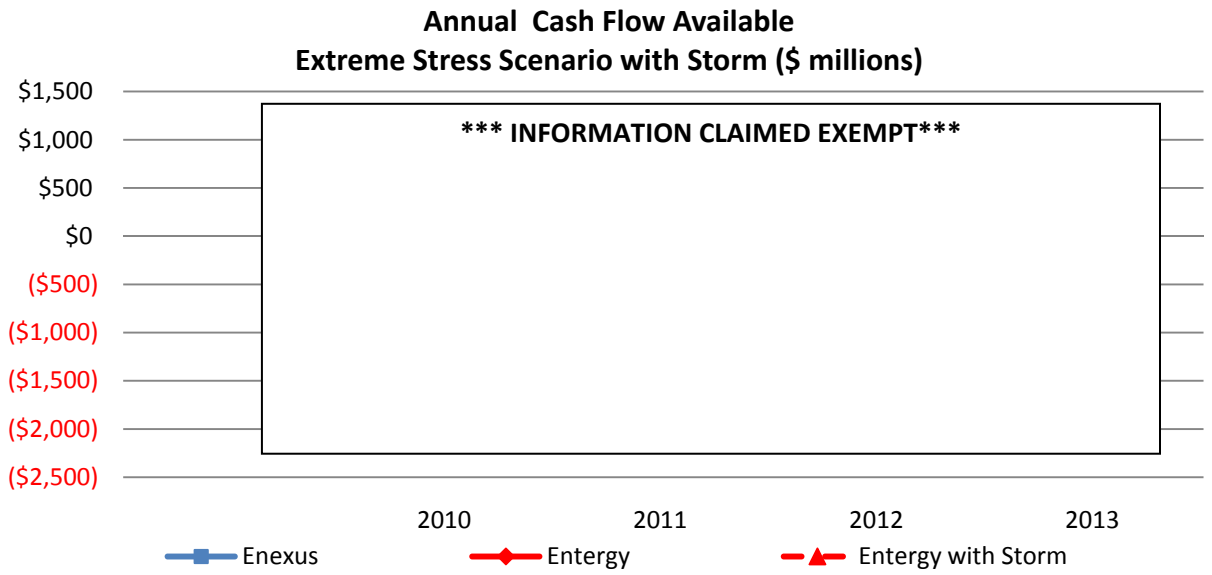
Such a situation would increase the probability of a credit downgrade at the parent as well as at the operating companies which could produce additional adverse consequences, including:

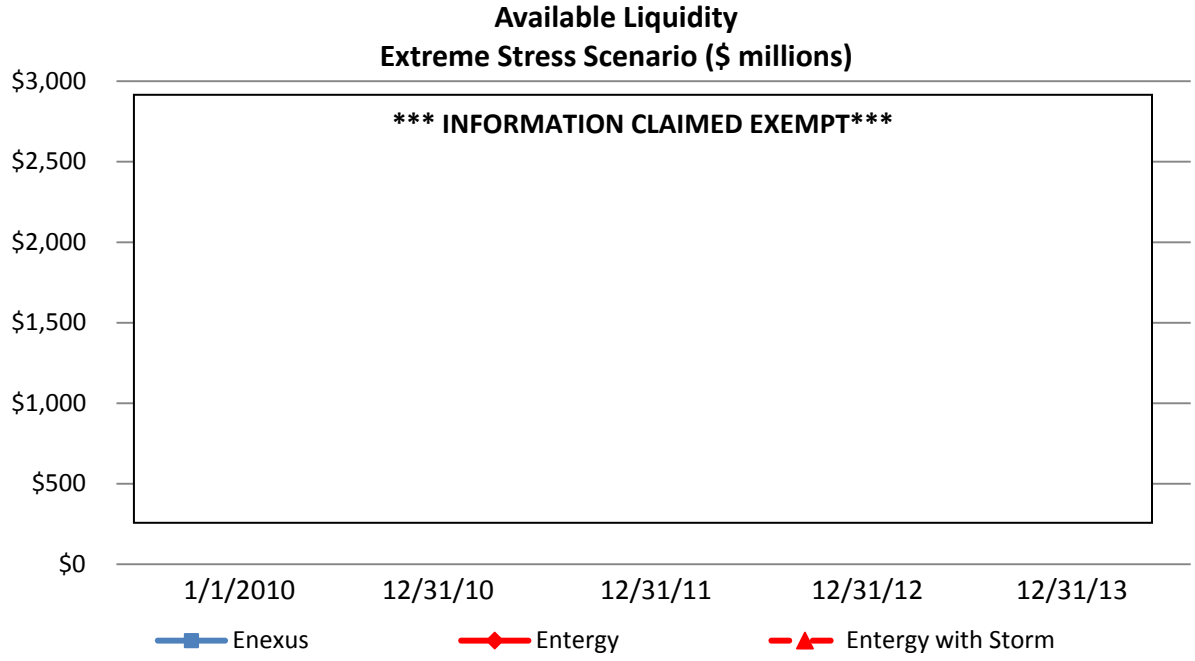
i. Negative reaction by local regulators,
ii. Issuance of show cause orders in the near-term, and
iii. Longer term ring fencing

In addition to the rating agency considerations, Entergy would have to consider its financial covenants. Commodity prices often rise in a Gulf storm situation because of the concentration of natural gas and oil supplies in that region. In 2005, during Katrina and Rita, prices did in fact rise substantially as the storms substantially disrupted Gulf of Mexico gas and oil production. Rising commodity prices create two challenges under Entergy's 65% debt test: 1) Entergy's corporate guarantees for its out-of-the-money hedge contracts at Enexus are counted as debt and the amount of those guarantees rises as commodity prices rise; and 2) the mark-to-market losses on those same out-of-the-money hedge contracts reduce Entergy's equity. By contrast, Enexus can more effectively manage its debt covenants because they are based on EBITDA (Debt/EBITDA or EBITDA/Interest). EBITDA would be rising in a rising commodity price environment enabling Enexus to more effectively balance any increased debt or interest expense required to meet collateral postings on hedge contracts.

<u>As shown below, in this Extreme Stress Scenario with additional hurricane stress, Cash Flow Available for both Enexus and Entergy predictably suffers from the extreme stress, but Entergy's Cash Flow Available is further diminished by the hurricane stress. With respect to the key measure of liquidity, Entergy's liquidity is significantly constrained in this situation and would be less than the liquidity and secured borrowing authority provided by Enexus in all years of the forecast period.</u> In fact, one key measure of liquidity is Standard & Poor's liquidity ratio, which compares the amount of available liquidity to the potential liquidity need under downgrade and market stress. S&P looks for a ratio greater than 1.0

under such stress conditions. Under this stress which includes reduced market prices, increased non-utility nuclear capital, and a $1 billion storm cost with reimbursement after two years, ***BEGIN INFORMATION CLAIMED EXEMPT*** [redacted] ***END INFORMATION CLAIMED EXEMPT***





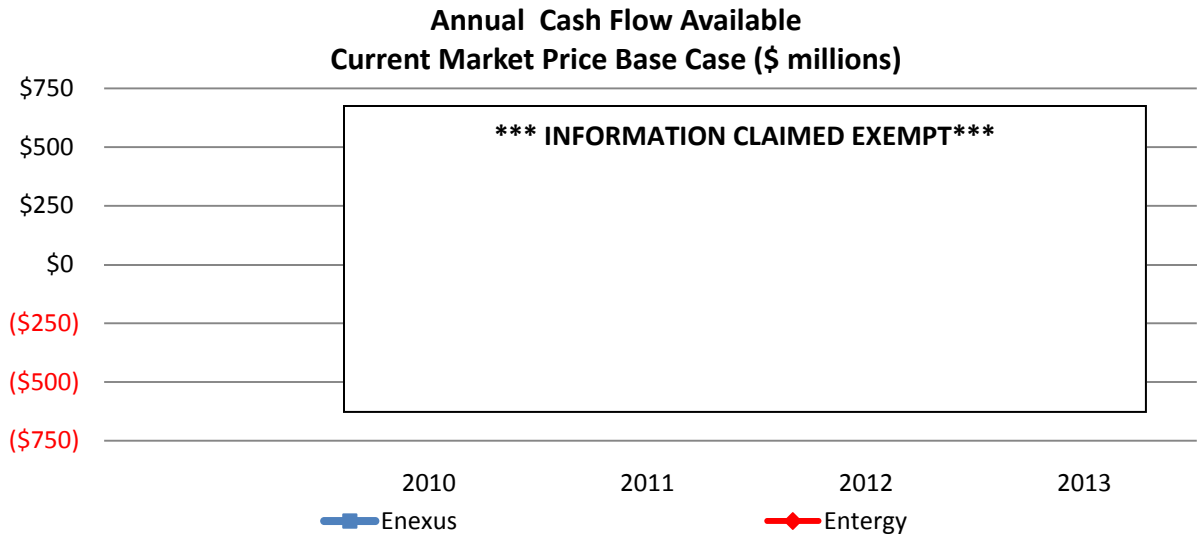
CURRENT MARKET PRICE RESULTS

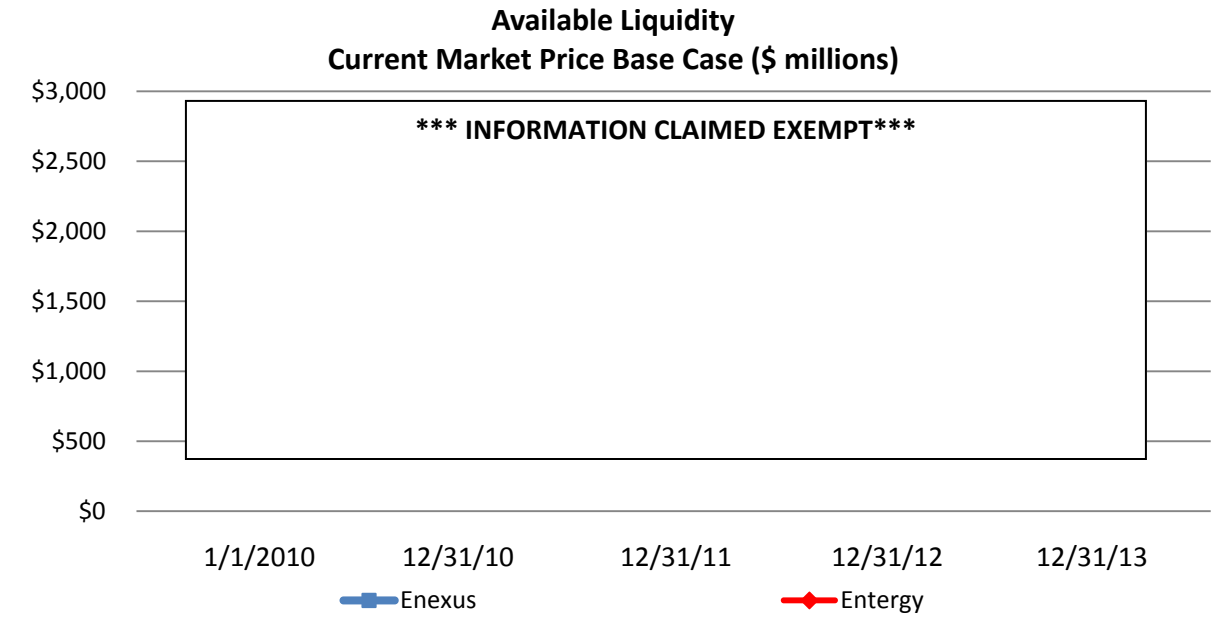
The forward curves for the forecast period (2010 to 2013) used in addressing question 5 were sourced from Sungard Kiodex. Sungard Kiodex is a data provider that Entergy/Enexus uses to obtain the curves to perform its daily mark to market. These represent the best routinely available data on the market price for energy at the commonly traded hubs (Zone's A and G in New York and Mass Hub in NEPOOL).

The following represents a comparison of Enexus and Entergy base cash financial projections with the current market prices. Again, the Base Case Cash Flow Available comparison below shows the Cash Flow Available of Enexus and the Cash Flow Available of Entergy *as a consolidated entity including its utility operations*.

As in the Base Case, the comparison shows that Enexus will have positive Cash Flow Available in all years of the forecast period. Entergy's Cash Flow Available will be positive on average, *****BEGIN INFORMATION CLAIMED EXEMPT***** [redacted] *****END INFORMATION CLAIMED EXEMPT***** The comparison similarly shows that both Enexus and Entergy will maintain ample amounts of liquidity (and secured borrowing authority in the case of Enexus) with which to operate the New York Facilities in all years of the forecast period although Enexus will have greater amounts of liquidity and secured borrowing authority in most years of that period. The amounts for Entergy's available liquidity below do not include the additional secured borrowing authority of the utilities operating companies because it is not available to be used to support the non-utility nuclear business[6].

[6] In response to DPS-76, Petitioners provided the historical cash flows out of the non-utility nuclear business to Entergy and its other affiliates.

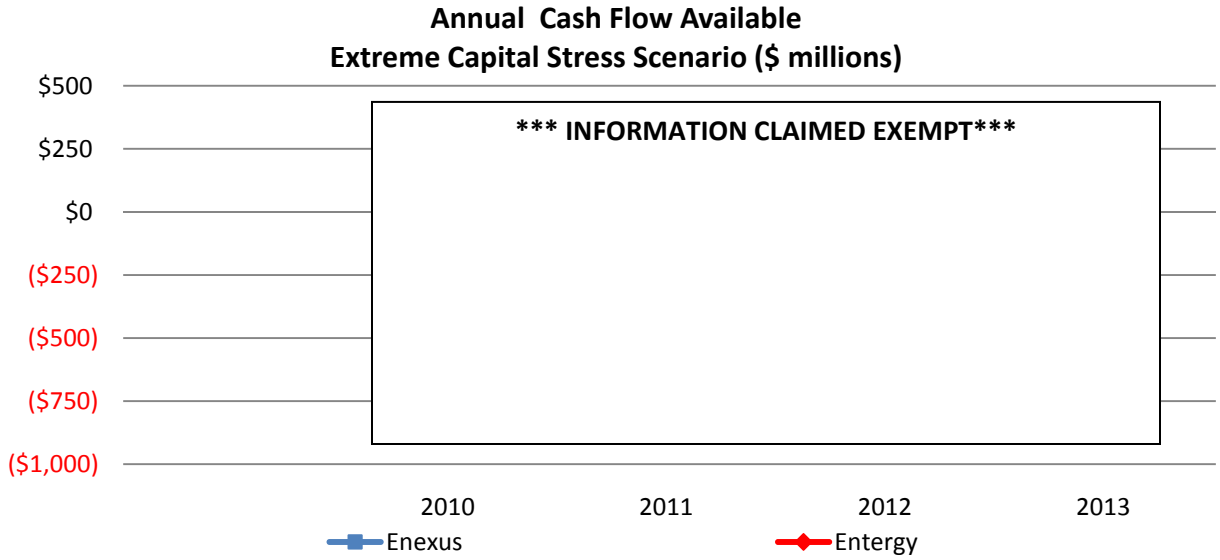


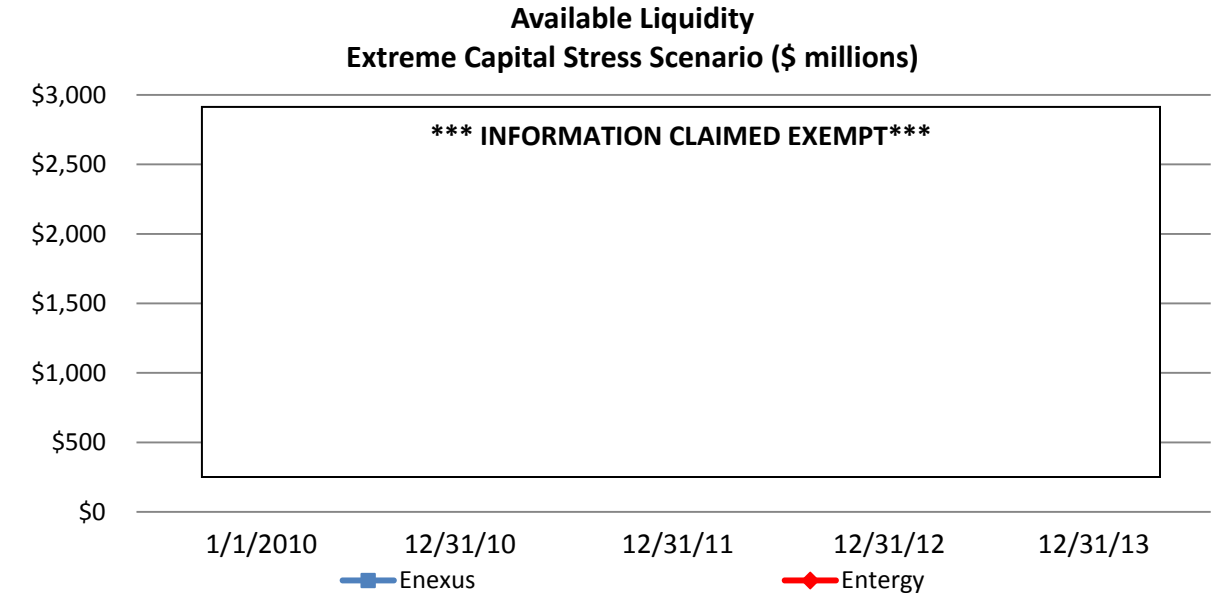


EXTREME CAPITAL STRESS SCENARIO WITH CURRENT MARKET PRICE RESULTS

The use of current market prices does not result in any marked change in the Enexus-Entergy comparison in the Extreme Stress scenario.

The Extreme Stress Scenario has a clear detrimental impact on the Cash Flow Available of both companies. But the most important metric, liquidity, is adequately maintained by both companies in this scenario – assuming no other stresses.

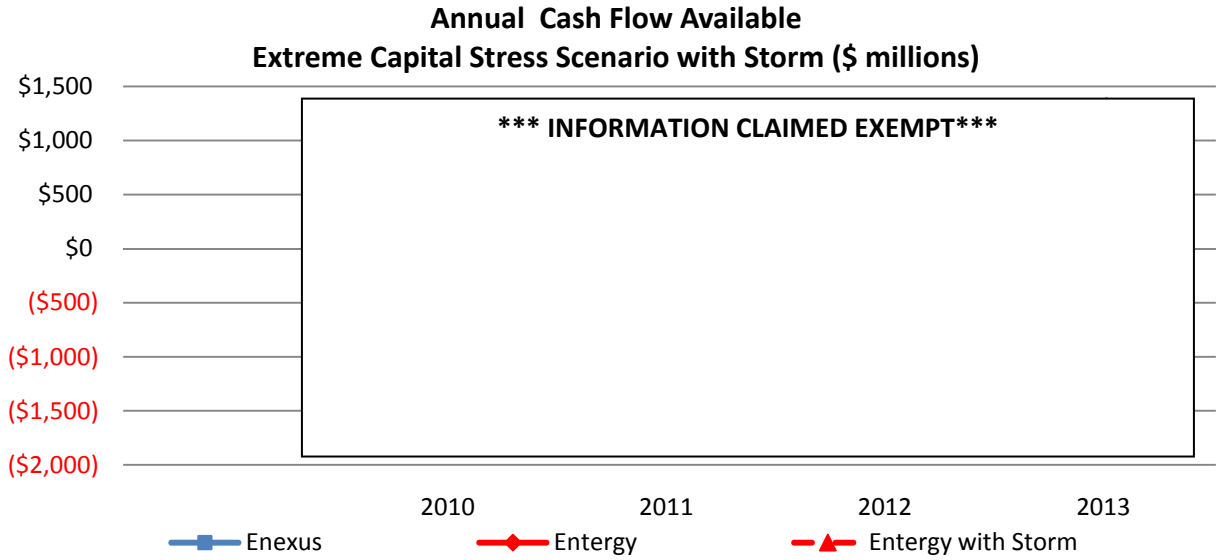


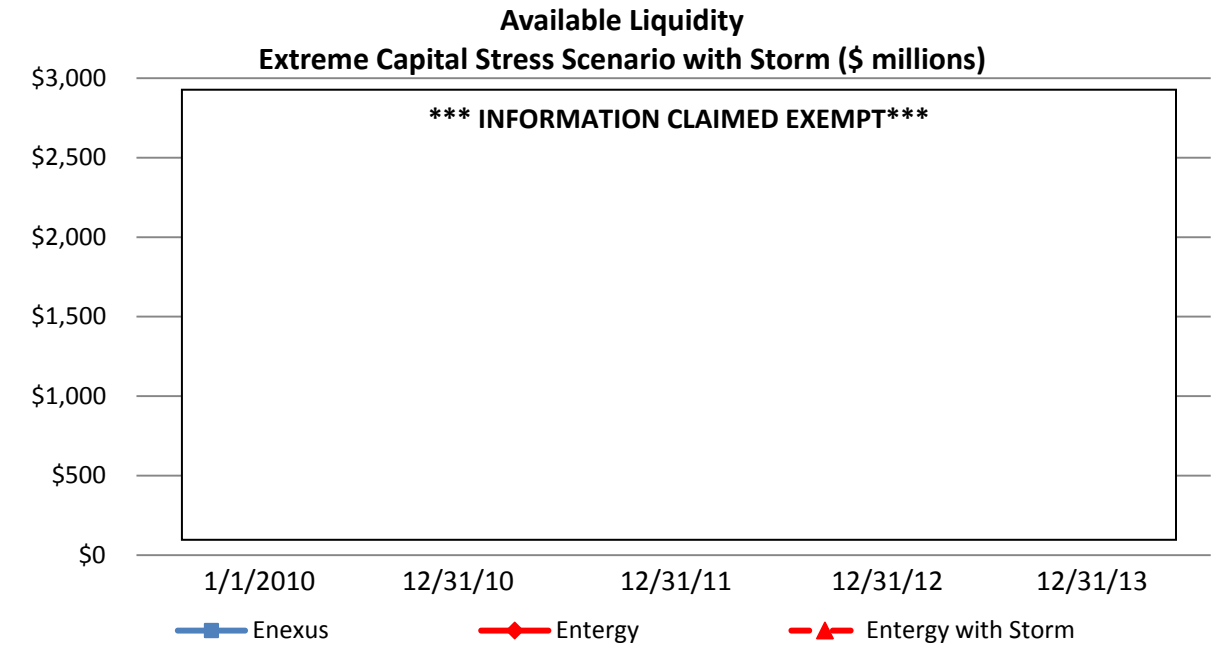


EXTREME CAPITAL STRESS SCENARIO RESULTS WITH ADDITIONAL ENTERGY HURRICANE STRESS

The use of current market prices also does not result in any marked change in the Enexus-Entergy comparison in the Extreme Stress scenario with additional Entergy Hurricane Stress. As shown below, in

this Extreme Stress Scenario with additional hurricane stress, Cash Flow Available for both Enexus and Entergy predictably suffers from the extreme stress, but Entergy's Cash Flow Available is further diminished by the hurricane stress. But with respect to the key measure of liquidity, Entergy's liquidity is significantly constrained in this situation and would be less than the liquidity and secured borrowing authority provided by Enexus in all years of the forecast period.





II. Entergy Storm Data

In contrast to Enexus, the ongoing recurrence of Gulf Coast hurricanes and ice storms in the Entergy utilities' service area is a significant business risk resulting in potentially material costs to Entergy. During the period 2005 - 2008 there were 34 named hurricanes in the Atlantic, Caribbean and Gulf of Mexico. In this four year period, Entergy incurred approximately $3.1 billion of hurricane and storm restoration costs. Gulf Coast hurricanes and ice storms, in Entergy's northern service area, also could result in greater liquidity requirements for Entergy as these extreme weather events typically result in increased fuel costs and a requirement for Entergy to effectively prepay its purchased power obligations in the event of a credit downgrade. Furthermore, Entergy is constrained by the 65% debt test covenants in its credit agreements. Included in these covenants are Entergy guarantees under purchase power agreements with Entergy Nuclear. Such guarantees increase as commodity prices increase during hurricanes and storms. In effect, prior to any impact on Entergy's liquidity from actual storm costs, stress is put on its liquidity by the effect that storms have on the guarantee requirements under these purchased power agreements. Furthermore, this added financial stress also increases the risk to Entergy's credit rating.

In addition to the risk associated with hurricanes, major ice storms pose a continuous threat to the northern service area of Entergy Utilities. Since 1994, Entergy Utilities subsidiaries have incurred approximately $655 million in capital to fund restoration related to ice storms. The most recent ice storm event came in early 2009 and resulted in restoration costs of approximately $183 million.

Appendix

November 2009

Appendix 5

New Enexus Scenarios Financials

November 2009

Information Claimed Exempt From Disclosure

Appendix 6

Entergy Scenarios Financials

November 2009

Information Claimed Exempt From Disclosure